# SENQU

# MUNICIPALITY

## MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

## 2018/2019 TO 2020/2021

SENQU

MUNICIPALITY

ANNUAL BUDGET OF

# SENQU

# MUNICIPALITY

## 2018/19 TO 2020/21

## MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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# Abbreviations and Acronyms

| | |
|---|---|
| MM | Municipal Manager |
| CPI | Consumer Price Index |
| CRRF | Capital Replacement Reserve Fund |
| DoRA | Division of Revenue Act |
| FBS | Free basic services |
| GDP | Gross domestic product |
| IDP | Integrated Development Strategy |
| KPA | Key Performance Area |
| KPI | Key Performance Indicator |
| kWh | kilowatt |
| LED | Local Economic Development |
| MFMA | Municipal Financial Management Act Programme |
| MIG | Municipal Infrastructure Grant |
| MPRA | Municipal Properties Rates Act |
| MSA | Municipal Systems Act |
| MTEF | Medium-term Expenditure Framework |
| MTREF | Medium-term Revenue and Expenditure Framework |
| NERSA | National Electricity Regulator South Africa |
| PMS | Performance Management System |
| PPE | Property Plant and Equipment |
| SDBIP | Service Delivery Budget Implementation Plan |

# Part 1 – Annual Budget

## 1.1 Mayor's Report

Honourable Speaker,

Honourable Chief Whip,

Honourable, Councilors,

Traditional Leaders serving in the Council,

Municipal Manager, Directors and staff members,

Representatives of organized business and all stakeholders,

Illustrious Members of the Community,

Ladies and Gentlemen,

I would like to take this opportunity to welcome everyone present. I have the honour to submit the 2018/2019 Medium Term Revenue and Expenditure Framework (The MTREF or Budget) to the Council for consideration.

The 2018/2019 MTREF Framework assesses our achievements over the past few years and looks into the challenges that lie ahead. Senqu Municipality is very proud of the achievements reached in recent years. Not only have we managed to achieve four (4) consecutive clean audits (2013/2014 to 2016/2017 financial years), we have also managed to maintain the delivery of high quality services to the residents in the municipal area through tough economic times. I would like to thank my fellow Councilors and the staff involved in this achievement.

This MTREF will also mark the second year in the Municipal Budgeting and Accounting environment through the introduction of the mSCOA (Municipal Standard Chart of Accounts) at municipalities throughout South Africa on 1 July 2017. The mSCOA project, led by National Treasury, is aimed at standardising the way we transact and report on financial and other related information to the community and other stakeholders. Senqu Municipality is excited by this enormous challenge presented by the implementation of this regulation and is definitely viewing this project as an opportunity to improve the data quality of the municipality.

The unfavorable economic and investment climate and the high unemployment rate directly affects payment levels to the municipality as well as increased financial assistance in the form of subsidized services. For the budget year, we are providing free services to the indigent to the amount of R13,6 million. However, we need to recognise the people who are living in the mountainous areas and the services they need, even though it might put additional pressure on our financial resources.

It is important that the needs of communities are prioritised. Senqu Municipality must ensure that it applies the principles of the Back-to- Basics Strategy which says that it is important that traffic lights work, potholes are filled, clean water is delivered, refuse is collected, electricity is supplied at all times. The core services that the municipality must provide to our wards are - clean drinking water, sanitation, electricity, shelter, waste removal and roads.

A lot of work has been done in the rural areas in terms of service delivery, especially regarding electricity provision. The electricity network has improved though there is still a room for improvement.

There are poverty stricken areas which have resulted in a high crime rate which can directly be linked to the high unemployment rate. The key challenge is to assist in creating an environment for job creation, which remains one of the most pressing concerns for the economy. Senqu Municipality supports job creation and is in the process of implementing job creation programs which will be integrated with the municipal IDP.

Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

Planning as an institution is very important. The progress of the municipality depends on the quality of the planning. Good planning guarantees good decisions and is important to the municipality, because it gives a steady growth and prepares the municipality for a desired future. It is also important that a municipality have sufficient financial resources so that the funding of a new budget is credible. Our focus must be on spending the entire budget in a financial year. Projects must be finished within a financial year and creditors paid within 30 days.

During February 2018, the Council and Management did an extensive review of its past performance in order to put strategies in place for the future. During this process, critical issues were identified to be addressed in future budgets.

Some of the key issues identified are:

1. Job creation programme - The Job Creation Framework will be implemented on all job creation endeavors going forward. An amount of R4,6 million has been provided for job creation projects for the 2018/19 budget year and a total of R14,8 million over the MTREF.

2. Access Roads - As one of the main economic drivers within a region and as a tool to bring services to community members the Senqu Municipal Council puts great emphasis on this aspect. Access roads are not in good condition and they negatively impact the economics of the municipality. There is need to pave access roads through the job creation program. An amount of R25,5 million has been provided for road projects for the 2018/19 budget year and R78,5 million over the MTREF.

3. Land invasion - Land invasions are concentrated in Sterkspruit, but there are possibilities of them happening in Lady Grey and Barkly East. There is land invasion happening in Herschel close to the landfill site. To curb land invasions, Senqu Municipality must engage all stakeholders including national and provincial governments to clarify their development plans.

4. Electricity in rural villages - Although most rural areas have electricity, a concern is for those areas in the (extensions) that do not have electricity.

5. Electricity - The municipality is busy rolling out a Pre-Paid Electricity Meter program to improve credit control processes.

6. Water and Sanitation – These functions technically fall outside of the municipality, but are services that still needs to be delivered.

7. Solid Waste Sites - Despite the challenges the municipality have with the construction of Solid Waste Sites, an amount of R22,4m has been provided for Solid Waste Infrastructure projects within the Senqu Area for the 2018/19 budget year. Actions are taken by the municipality to ensure NEMA compliance.

Distinguished Guests,

This budget is largely based on submissions from the communities during the IDP process. Our capital budget totals R77,6 million for the 2018/19 budget year from which a total of 42 per cent, or R32,7 million, of the capital budget is funded from our own cash-backed Capital Replacement Reserve (or CRR). The other capital is funded from National and Provincial grants.

Cooperation and tolerance between politicians and the administration is essential for us to successfully address the challenges listed above. Politicians have to play an oversight role and administration must work on achieving the expectations from the community. It is important that there is implementation of what has been planned. Let's do just that!

Ladies and Gentlemen,

Leadership within local government has a significant role to play in strengthening the connection between the citizens and the government's overall priorities and spending plans. The National Development Plan (NDP) set out an integrated strategy for accelerating growth, eliminating poverty and reducing inequality by 2030. Local government is required to incorporate the objectives of the NDP and the National Growth Path in the budgets. Senqu municipality supports the goals of the NDP.

Our tariffs are competitive and are in line with the National Electricity Regulator of South Africa (NERSA) approved guidelines and intensive research of national, provincial and regional economic outlook and national prescripts. We strike a balance between electricity increases and increases for other basic commodities.

When compiling a MTREF one needs to consider all factors which might influence the forecasts and plan accordingly. Our approach this year was to budget conservatively on special collection rates and services, thereby ensuring what is contained in expenditure will be achieved through revenue. We never, and still, believed in expenditure wish-lists and unrealistic revenue budgets which are in any case not allowed but being practiced, and it is exactly for that reason that I believe that we are in a financially sound position and our aim is to keep it as such.

Honourable Councilors and Officials,

It is important that a municipality have sufficient financial resources so that the funding of a new budget is credible. Our focus must be to spend the entire budget in a financial year. Projects must be completed within a financial year and creditors paid within 30 days. To this end, communication cannot be overemphasized. Our public participation must be effective, we should go to communities for follow-ups, have slots on the radio stations to improve the communication within our wards. Good communication with people prevents unnecessary service delivery protests.

Good People,

It is the function of the municipality to know what is going on in villages. There is poverty, underdevelopment and hopelessness in our communities. It is our duty to know people's needs irrespective of which department's core function it is as people look up to the municipality for answers, particularly politicians.

Finally, I would like to thank the Community, the Councillors and the officials for their input into this budget. I believe it is really a community driven budget and although much more is needed we can only do what our finances allow us to do. I hope this budget will make a significant difference in our people's lives. Indeed, together we are building a better Senqu.

All of us, regardless of party affiliation from across the political spectrum, let's throw ourselves into the task of implementing this budget.

I thank you.

Enkosi!

## 1.2 Council Resolutions

*(It is recommended that the Council approves and adopts the following resolutions for the annual budget, in accordance with section 24 of the Municipal Finance Management Act)*

The Council of Senqu Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) hereby tables the following draft budget resolutions:

1.1. The annual budget of the municipality for the financial year 2018/19 and the multi-year and single-year capital appropriations as set out in the following tables:
   1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
   1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
   1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
   1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.

1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables attached in the budget documentation:
   1.2.1. Budgeted Financial Position;
   1.2.2. Budgeted Cash Flows;
   1.2.3. Cash backed reserves and accumulated surplus reconciliation;
   1.2.4. Asset management; and
   1.2.5. Basic service delivery measurement.

2. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption the following tariffs, related by-laws and related policy changes as attached in the budget documentation, with effect from 1 July 2018:
   2.1. the tariffs for property rates, related by-laws and related policy changes
   2.2. the tariffs for electricity, related by-laws and related policy changes
   2.3. the tariffs for the supply of water on behalf of Joe Gqabi District Municipality;
   2.4. the tariffs for sanitation services on behalf of Joe Gqabi District Municipality; and
   2.5. the tariffs for solid waste services, related by-laws and related policy changes
   2.6. the summary of policy changes and summary of by-law changes

3. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption with effect from 1 July 2018 the tariffs and related by-laws for other services, as set out in the attached budget documentation.

4. To give proper effect to the municipality's annual budget, the Council of Senqu Municipality approves:
   4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
   4.2. That the Draft Budget be advertised for public comments in accordance with chapter 4 of the Municipal Systems Act (Act 32 of 2000) and sections 22 & 23 of Municipal Finance Management Act, (Act 56 of 2003)
   4.3. That Council adopt Circular 82 issued by National Treasury

## 1.3 Executive Summary

With the compilation of the 2018/19 Medium-Term Revenue and Expenditure Framework (MTREF), each department had to review its business planning processes taking into account their individual departmental strategies. Business planning links back to priority needs and master planning, and essentially inform the detail operating budget appropriations and three-year capital programme. National Treasury's MFMA Circular No. 91 was also used to guide the compilation of the 2018/19 MTREF.

The 2018 Budget Review emphasised that, although global risk factors remain elevated, the world economy continues to provide a supportive platform for South Africa to expand trade and investment. The world economic growth is at its highest since 2014 and continues to gather pace with Gross Domestic Product (GDP) growth increasing across all major economies.

The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

We recognise that this level of growth is not sufficient to tackle poverty and unemployment, but with decisive action, executed with diligence and urgency, South Africa can speed the pace of economic growth and accelerate transformation.

South Africa's unemployment rate decreased to 26.7 percent in the fourth quarter of 2017 from 27.7 percent in the previous period. The economy continues to create opportunities for semi-skilled and skilled workers, and to shed unskilled jobs, reinforcing poverty and inequality and widening the wage gap.

These economic challenges will continue to pressurise municipal revenue generation and collection levels hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

The compilation of the MTREF therefore remains a huge challenge to balance the budget between the limited revenue resources available and the immense need to provide quality service delivery to our community. Tariff increases must be limited to be within the affordability levels of our community and must still promote economic growth to ensure financial sustainability.

The municipality is in a healthy financial position, however, it needs to at least stabilise and further strife to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality, and to this end the municipality is achieving this objective while also maintaining a balance on the Capital Replacement Reserve to a level where future external funding, excluding grants, be minimised.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2018/19 MTREF (R'000)**

| R thousand | Adjustments Budget | Budget Year | Budget Year +1 | Budget Year +2 |
|---|---|---|---|---|
| | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| Total Operating Revenue | 220 586 | 224 204 | 236 063 | 249 793 |
| Total Operating Expenditure | 239 960 | 236 264 | 250 563 | 265 946 |
| *Surplus/(Deficit) for the year* | (19 374) | (12 060) | (14 501) | (16 153) |
| Total Capital Revenue recognised | 42 159 | 44 850 | 39 761 | 43 481 |
| *Surplus/(Deficit) for the year* | 22 785 | 32 790 | 25 260 | 27 327 |

As can be seen from the above, the municipality will operate at an operating deficit throughout the MTREF. An operating deficit is an indication that the municipality is not generating sufficient revenue to sustain its operating expenditure, let alone the fact that the operating budget is not contributing any revenue at all towards the capital program. It should also be noted that the operating budget also includes items such as depreciation and debt impairment which are not considered to be a "cash" expense. These item will not result in an immediate cash outflow. It should however be noted that non-cash items will eventually translate into cash outflow when for example the fully depreciated asset needs to be replaced.

Municipalities are advised as a minimum to prepare or strive towards a balanced budget (ie revenue equals expenditure). Although a balanced budget is not necessarily considered a funded budget, it will definitely contribute to the "funded budget principle" over long run.

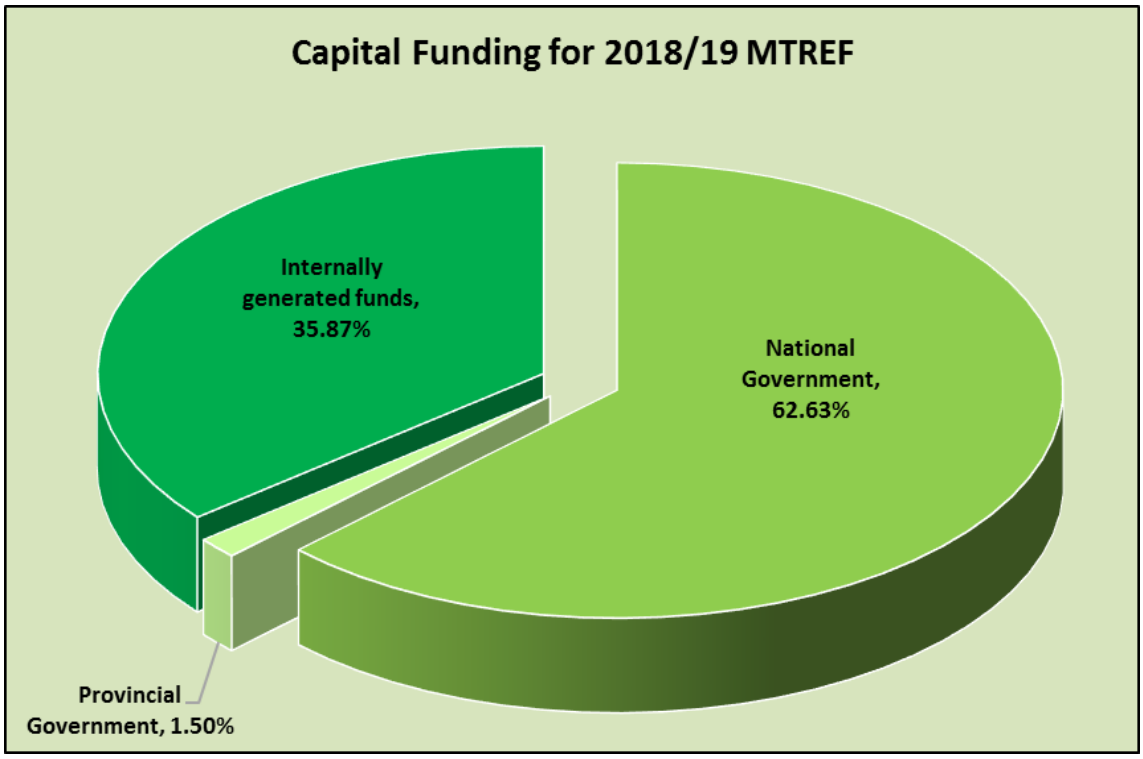
The municipality remains committed to a large capital programme with a significant portion funded by grants from National Government.

**Table 2 Total Capital Funding of the 2018/19 MTREF (R'000)**

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited | Audited | Audited | Original | Adjusted | Budget Year | Budget Year | Budget Year |
| | Outcome | Outcome | Outcome | Budget | Budget | 2018/19 | 2019/20 | 2020/21 |
| **Funded by:** | | | | | | | | |
| National Government | 26 443 | 31 996 | 33 684 | 42 159 | 42 159 | 41 850 | 39 761 | 43 481 |
| Provincial Government | – | – | – | – | – | 3 000 | – | – |
| **Transfers recognised - capital** | **26 443** | **31 996** | **33 684** | **42 159** | **42 159** | **44 850** | **39 761** | **43 481** |
| **Internally generated funds** | 20 632 | 6 889 | 8 387 | 37 468 | 24 548 | 32 717 | 31 364 | 7 550 |
| | **47 075** | **38 885** | **42 071** | **79 627** | **66 707** | **77 567** | **71 125** | **51 031** |

The capital budget of R77,6 million for 2018/19 is 16,3 per cent more when compared to the 2017/18 Adjustment Budget. The increase can mainly be attributed to projects that rolled over from 2017/2018 to 2018/2019. The capital programme decreases to R71,1 million in 2019/20 and R51 million in 2020/21. The decrease is directly related to the decrease in proposed expenditure to be financed from internally generated funds.

A portion of the capital budget will be funded from own revenue (R71,63 million or 35,9%) over the MTREF with no anticipated borrowings and the main funding source being Grants to the value of R128,09 million (64,1%).



As indicated above no borrowing for capital projects is planned. The municipality is still well within the limits of its borrowing capacity, but will raise very limited loans in the near future in order to curtail possible rising debt servicing costs.

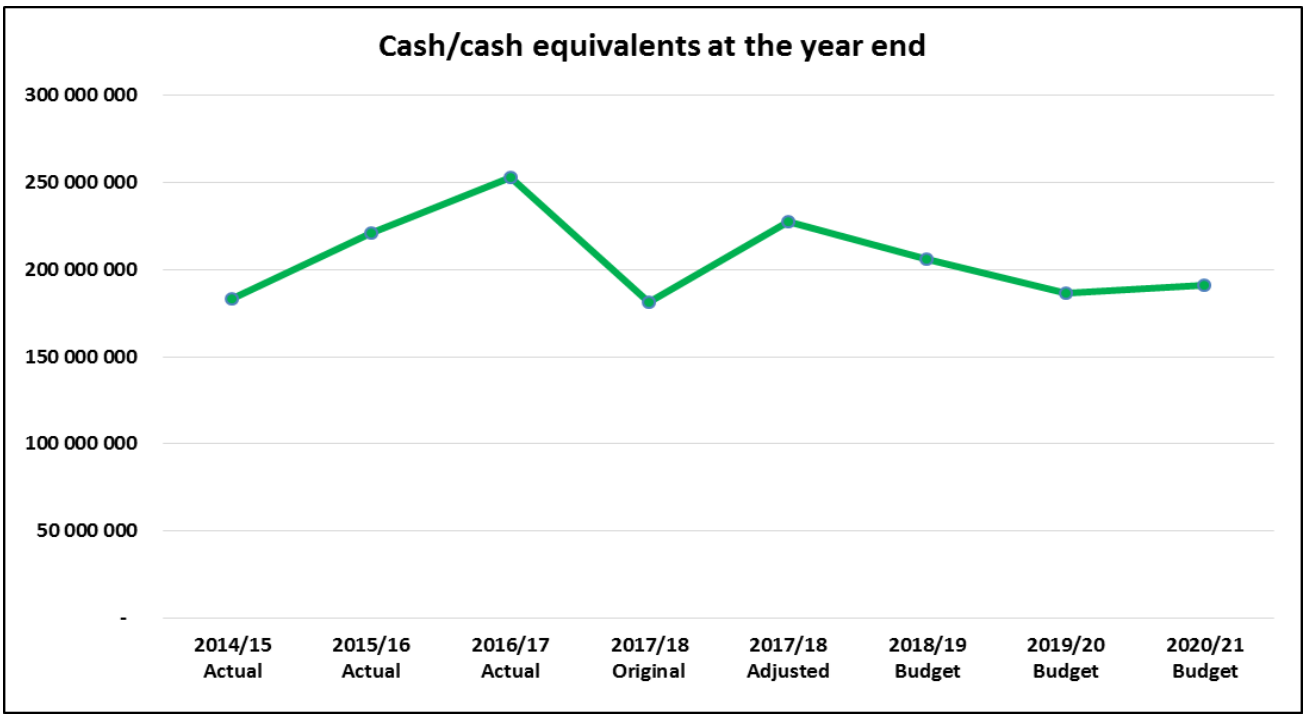
The municipality should be mindful of the fact that the large capital program, especially from internally generated funds, places enormous pressure on the accumulated cash reserves of the Senqu Municipality. This could significantly impact on the long term sustainability of the entity.

### 1.3.1 Financial Viability and Sustainability

Financial viability and sustainability is one of the major cornerstones that needs to remain intact to ensure that municipalities follow through on their constitutional obligation to deliver high quality basic services to the citizens of South Africa.

From the perspective of a municipality, the focus point of any sustainability and viability analysis revolves firmly around the municipality's ability to implement policies that contributes to the preservation of cash resources over the long term.

Municipalities should as far possible approve budgets that are within their financial constraints. In other words, projected capital and operating expenditure should be financed from projected future revenue streams, thus eliminating the need to utilise accumulated funds from previous years. Currently, although still a funded budget, the proposed budget will have a negative impact on the projected cash position of the municipality as indicated below:




The downward trend over the MTREF is a serious threat to the financial viability and the ability of the municipality to provide basic services on a sustainable manner. This significant downward trend can mainly be attributed to the inability of the municipal budget to produce adequate cash resources to meet the proposed capital and operating program of the municipality.

## 1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

(1) "An annual budget may only be funded from –
  (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
  (b) Cash-backed accumulated funds from previous financial years' surpluses not committed for other purposes; and
  (c) Borrowed funds, but only for the capital budget referred to in section 17(2).

(2) Revenue projections in the budget must be realistic, taking into account –
  (a) projected revenue for the current year based on collection levels to date; and
  (b) actual revenue collected in previous years."

In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

**Table 3 Summary of revenue classified by main revenue source**

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited | Audited | Audited | Original | Adjusted | Budget Year | Budget Year | Budget Year |
| | Outcome | Outcome | Outcome | Budget | Budget | 2018/19 | 2019/20 | 2020/21 |
| **Revenue By Source** | | | | | | | | |
| Property rates | 4 607 | 4 654 | 5 192 | 7 686 | 7 686 | 8 147 | 8 635 | 9 154 |
| Service charges - electricity revenue | 26 745 | 28 097 | 28 246 | 31 942 | 38 875 | 41 712 | 44 215 | 46 868 |
| Service charges - refuse revenue | 2 534 | 2 800 | 5 432 | 3 199 | 8 586 | 9 101 | 9 647 | 10 226 |
| Rental of facilities and equipment | 614 | 756 | 503 | 429 | 90 | 95 | 101 | 107 |
| Interest earned - external investments | 10 512 | 13 913 | 18 021 | 13 780 | 15 000 | 15 000 | 15 600 | 16 224 |
| Interest earned - outstanding debtors | 1 970 | 2 494 | 2 906 | 1 579 | 2 100 | 2 226 | 2 360 | 2 501 |
| Fines, penalties and forfeits | 421 | 324 | 159 | 516 | 54 | 57 | 61 | 64 |
| Licences and permits | 1 301 | 1 085 | 1 131 | 1 532 | 1 056 | 1 119 | 1 186 | 1 258 |
| Agency services | 575 | 1 080 | 1 138 | 795 | 795 | 843 | 893 | 947 |
| Transfers and subsidies | 124 358 | 149 152 | 140 468 | 139 520 | 139 520 | 144 318 | 151 683 | 162 198 |
| Other revenue | 7 981 | 5 594 | 4 681 | 4 924 | 6 825 | 1 586 | 1 681 | 246 |
| **Total Revenue (excluding capital transfers and contributions)** | **181 616** | **209 950** | **207 877** | **205 902** | **220 586** | **224 204** | **236 063** | **249 793** |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The percentage revenue increases slightly for the 2018/19 financial year when compared to the 2017/18 Adjustments Budget. This is mainly due to higher Equitable Share allocation as well as the increase in tariffs for Property Rates and Service Charges. In the two outer years of the MTREF the revenue increases further with 5,29 per cent and 5,82 per cent respectively for each of the two years.

**Table 4 Summary of revenue classified by municipal vote (including capital transfers)**

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited | Audited | Audited | Original | Adjusted | Budget Year | Budget Year | Budget Year |
| | Outcome | Outcome | Outcome | Budget | Budget | 2018/19 | 2019/20 | 2020/21 |
| **Revenue by Vote** | | | | | | | | |
| Vote 1 - Executive & Council | 7 414 | 7 212 | 6 485 | 6 675 | 6 675 | 7 015 | 7 362 | 7 711 |
| Vote 2 - Planning & Development | 1 929 | 8 388 | 1 891 | 1 992 | 2 009 | 1 944 | 1 984 | 2 088 |
| Vote 3 - Corporate Services | 6 010 | 230 | 2 242 | 433 | 5 427 | 104 | 110 | 21 |
| Vote 4 - Budget & Treasury | 109 473 | 99 139 | 99 718 | 99 394 | 100 657 | 103 112 | 110 105 | 117 314 |
| Vote 5 - Road Transport | 22 626 | 24 030 | 39 224 | 41 756 | 40 867 | 43 965 | 39 001 | 40 710 |
| Vote 7 - Housing | 30 | – | – | – | – | – | – | – |
| Vote 9 - Community & Social Services | 3 560 | 13 783 | 1 588 | 1 601 | 1 626 | 1 634 | 1 642 | 1 650 |
| Vote 10 - Sport & Recreation | 12 816 | 2 362 | 2 | – | – | – | – | – |
| Vote 11 - Public Safety | 168 | 2 251 | 105 | 4 477 | 83 | 83 | 88 | 93 |
| Vote 12 - Electricity | 37 403 | 55 426 | 59 123 | 62 996 | 70 205 | 74 745 | 76 490 | 83 030 |
| Vote 13 - Waste Management | 7 824 | 29 665 | 31 183 | 28 737 | 35 197 | 36 452 | 39 042 | 40 655 |
| **Total Revenue by Vote** | **209 252** | **242 487** | **241 561** | **248 061** | **262 745** | **269 054** | **275 823** | **293 274** |

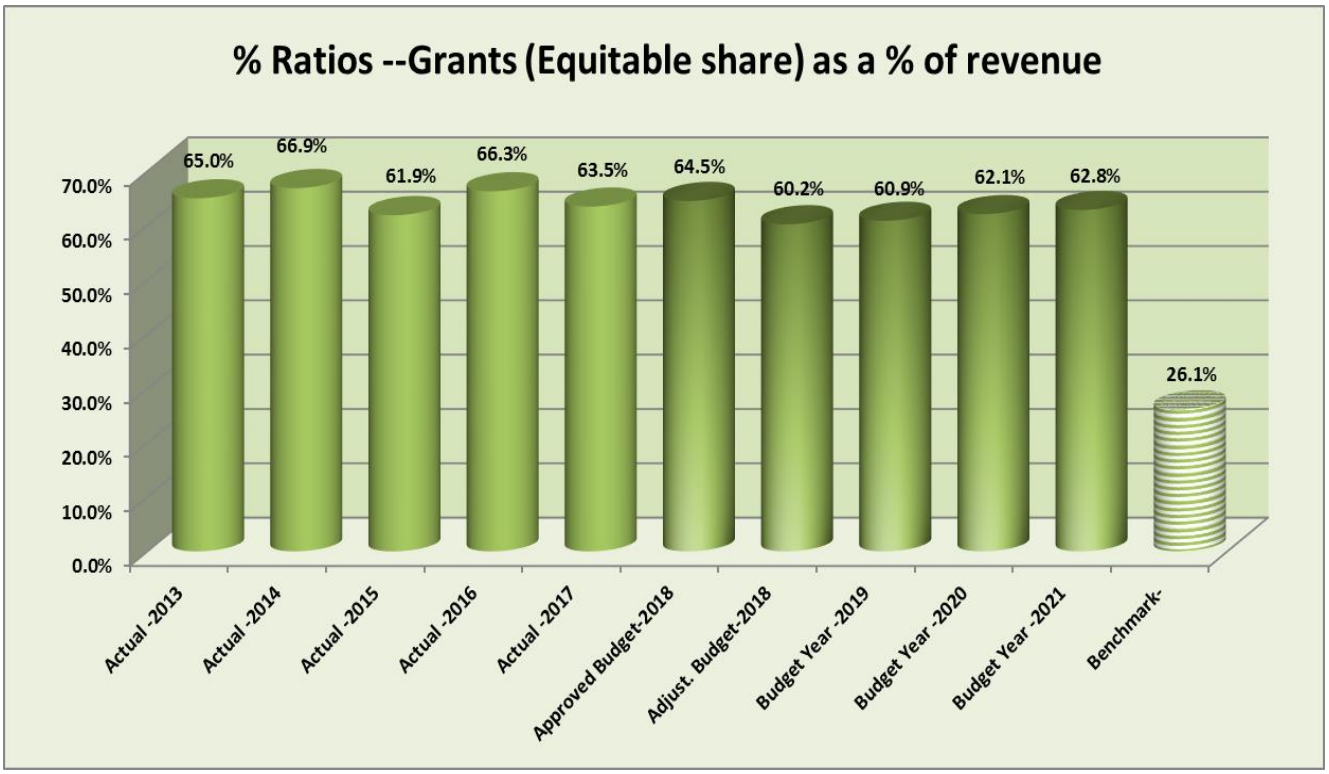
**Table 5 Percentage growth in revenue base by main revenue source**

| Description | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Adjusted Budget | % | Budget Year 2018/19 | % | Budget Year 2019/20 | % | Budget Year 2020/21 | % |
| **Revenue By Source** | | | | | | | | |
| Property rates | 7 686 | 3.5% | 8 147 | 3.6% | 8 635 | 3.7% | 9 154 | 3.7% |
| Service charges - electricity revenue | 38 875 | 17.6% | 41 712 | 18.6% | 44 215 | 18.7% | 46 868 | 18.8% |
| Service charges - refuse revenue | 8 586 | 3.9% | 9 101 | 4.1% | 9 647 | 4.1% | 10 226 | 4.1% |
| Rental of facilities and equipment | 90 | 0.0% | 95 | 0.0% | 101 | 0.0% | 107 | 0.0% |
| Interest earned - external investments | 15 000 | 6.8% | 15 000 | 6.7% | 15 600 | 6.6% | 16 224 | 6.5% |
| Interest earned - outstanding debtors | 2 100 | 1.0% | 2 226 | 1.0% | 2 360 | 1.0% | 2 501 | 1.0% |
| Fines, penalties and forfeits | 54 | 0.0% | 57 | 0.0% | 61 | 0.0% | 64 | 0.0% |
| Licences and permits | 1 056 | 0.5% | 1 119 | 0.5% | 1 186 | 0.5% | 1 258 | 0.5% |
| Agency services | 795 | 0.4% | 843 | 0.4% | 893 | 0.4% | 947 | 0.4% |
| Transfers and subsidies | 139 520 | 63.2% | 144 318 | 64.4% | 151 683 | 64.3% | 162 198 | 64.9% |
| Other revenue | 6 825 | 3.1% | 1 586 | 0.7% | 1 681 | 0.7% | 246 | 0.1% |
| **Total Revenue (excluding capital transfers and contributions)** | **220 586** | **100%** | **224 204** | **100%** | **236 063** | **100%** | **249 793** | **100%** |
| **Total Revenue from Rates and Service Charges** | **57 336** | **26.0%** | **61 281** | **27.3%** | **64 958** | **27.5%** | **68 856** | **27.6%** |

Revenue generated from rates and services charges forms an important percentage of the revenue basket for the Municipality, but measured against other municipalities e.g. the Western Cape, the percentage is relatively low. Rates and service charge revenues comprise between 27.3 and 27.6 per cent of the total revenue mix over the MTREF period.

As can be seen from the on the next page, Senqu municipality is to a very large degree dependent on grants (Equitable share) to sustain the budget. The unconditional Equitable Share Grant is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis.

Approximately 60% of the revenue basket can be attributed to equitable share. This, together with the lower percentage for rates and service charge revenues, is an indication of the high unemployment rate in the area and the focus on job creation projects were therefore treated as a priority in this budget.




The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term (Please note that a portion of the Equitable share grant as per Dora is allocated to "Nat Gov: Councillor Remuneration" grant):

**Table 6 Operating Transfers and Grant Receipts**

| Description | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|
| R thousand | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **EXPENDITURE:** | | | | |
| **Operating expenditure of Transfers and Grants** | | | | |
| **National Government:** | **138 020** | **142 818** | **150 183** | **160 698** |
| Local Government Equitable Share | 126 153 | 129 419 | 139 197 | 149 262 |
| Finance Management | 1 700 | 1 700 | 1 700 | 1 700 |
| Nat Gov: Councillor Remuneration | 6 675 | 7 015 | 7 362 | 7 711 |
| Municipal Infrastructure Grant (MIG) | 1 956 | 1 888 | 1 924 | 2 025 |
| Nat Gov: EPWP Incentive Grant | 1 536 | 2 796 | – | – |
| **Provincial Government:** | **1 500** | **1 500** | **1 500** | **1 500** |
| Libraries | 1 500 | 1 500 | 1 500 | 1 500 |
| **Total operating expenditure of Transfers and Grants:** | **139 520** | **144 318** | **151 683** | **162 198** |

Tariff-setting is a pivotal and strategic part of the compilation of any budget. National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band, therefore municipalities are required to justify all increases in excess of the projected inflation target for 2018/19 in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies it Credit Control Policy stringently, but there are always situations where there are defaults on payment. The contribution for bad debt is about 9 per cent of the revenue for rates, service charges, interest on debtors and rent of facilities on credit, and equates to R4,98 million in 2017/2018 increasing to R5,93 million in 2020/2021.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R60 000;
- The limit for indigent households is twice the amount of government pension grant.

The municipality applied a differential rating system whereby the cent amount in the rand for different categories of property may differ. Relief measures related to different categories of properties and different categories of owners of properties are used when the following is taken into consideration:

- The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes;
- Promotion of social and economic development of the municipality; and
- Promotion of job creation.

Vacant properties are rated higher, as the municipality is encouraging owners of vacant land to develop it and that the vacant land should not be used for speculation purposes by owners.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2018/19 financial year are as follows:

**Table 7 Comparison of proposed rates to be levied for the 2018/19 financial year**

| | 2017/2018 | 2018/2019 |
|---|---|---|
| | % | % |
| On total value of property | | |
| Vacant Land as defined in Rates Policy | | |
| Residential Properties | 0.6439 | **0.6825** |
| Commercial/ Business Properties | 0.7701 | **0.8873** |
| Industrial Properties | 0.7701 | **0.9078** |
| Public Service Infrastructure Properties | 0.1610 | **0.0341** |
| Public Benefits Organisation Properties | - | **0.0000** |
| Agricultural Properties used for Agricultural Purpose | 0.1641 | **0.1706** |
| Agricultural Properties used for Commercial / Industrial Purposes | 0.1590 | **0.1706** |
| Hunting of Game | 0.1590 | **0.1706** |
| Municipality | 0.1590 | **0.1706** |
| State- Owned Properties that Provide Local Services | 0.6466 | **0.8873** |
| Services | 0.6466 | **0.8873** |
| State/ Owned Properties that Provide Provincial/ National Services | 0.6466 | **0.8873** |
| Municipal Properties | - | **-** |
| Vacant Properties | 1.0100 | **1.0238** |

### 1.4.2 Sale of Water and Sanitation and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

The Joe Gqabi District Municipality held a Water-and Sanitation Indaba from 27 March 2012 to 29 March 2012 and determined that the best model for the provision of the Water-and Sanitation functions is that the District Municipality provides the service itself, but that the local municipalities only assist with the provision of financial functions on an agency basis. This was implemented on 1 July 2012 and for that reason Senqu Municipality does not advertise or consult on the tariffs for these services.

### 1.4.3 Sale of Electricity and Impact of Tariff Increases

The National Energy Regulator of South Africa (NERSA) proposed a 6.84 per cent guideline increase for municipal electricity tariffs for 2018/19. This increase is required to curb the downward trend experienced as a result of large bulk tariff increases experienced in recent years.

**Table 8 Electricity Surplus/(Deficit)**

| Description | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|
| Electricity | Adjusted Budget | Budget Year 2018/19 | Budget Year 2019/20 | Budget Year 2020/21 |
| Operating Revenue | 70 205 | 74 745 | 76 490 | 83 030 |
| Operating Expenditure | 48 244 | 49 453 | 53 233 | 56 457 |
| **Surplus/(Deficit) for the year** | **21 961** | **25 292** | **23 257** | **26 573** |
| % Profit | 31.28% | 33.84% | 30.41% | 32.00% |

Compared to the revenue and expenditure per function in Schedule A2, it should be noted that the revenue figures above does not include indigent rebates financed from equitable share (refer to Schedule SA1) as well as any capital grant revenue (if any). Expenditure only relates to operating expenditure.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for customers over the MTREF period:

## Table 9 Comparison between current electricity charges and increases

| | 2017 / 18 | **2018 / 19** |
|---|---|---|
| | Rounded Off | **Rounded Off** |
| **Domestic (Pre-paid metering) 0-60 AMP** | c/kwh | **c/kwh** |
| Basic / Availability Charge – per month | 0.00 | **0.00** |
| Energy Charge – per Unit (kWh) (1 – 50kWh) | 85.58 | **91.43** |
| Energy Charge – per Unit (kWh) (51 – 350kWh) | 110.06 | **117.59** |
| Energy Charge – per Unit (kWh) (351 - 600kWh) | 173.15 | **184.99** |
| Energy Charge – per Unit (kWh) ( > 600kWh) | 189.25 | **202.19** |
| | | |
| **Domestic : Demand 0 -60 Amp (Credit Metering)** | | |
| Basic / Availability Charge -per month | 140.09 | **149.67** |
| Energy Charge – per Unit (kWh) (1 – 50kWh) | 85.58 | **91.43** |
| Energy Charge – per Unit (kWh) (51 – 350kWh) | 107.73 | **115.10** |
| Energy Charge – per Unit (kWh) (351 - 600kWh) | 154.65 | **165.23** |
| Energy Charge – per Unit (kWh) ( > 600kWh) | 179.82 | **192.12** |
| | | |
| **Domestic : Demand 60 Amp + (Credit Metering)** | | |
| Basic / Availability Charge -per month | 330.70 | **353.32** |
| Energy Charge – per Unit (kWh) (1 – 50kWh) | 85.58 | **91.43** |
| Energy Charge – per Unit (kWh) (51 – 350kWh) | 107.73 | **115.10** |
| Energy Charge – per Unit (kWh) (351 - 600kWh) | 154.65 | **165.23** |
| Energy Charge – per Unit (kWh) ( > 600kWh) | 179.82 | **192.12** |
| | | |
| **Commercial (Pre -paid metering) 0 -100 AMP** | | |
| Energy Charge -per Unit (KWh) consumed | 190.31 | **203.33** |
| | | |
| **Commercial: Small / Medium - (Credit Metering) 0-60 AMP** | | |
| Basic / Availability Charge - per month | 409.61 | **437.63** |
| Energy Charge - per unit (KWh) consumed | 158.58 | **169.43** |
| | | |
| **Commercial: Large - (Credit Metering) 0 to undifined AMP** | | |
| Basic / Availability Charge - per month | 1 195.82 | **1 277.61** |
| Energy Charge - per unit (KWh) consumed | 159.86 | **170.79** |
| Network / Demand Charge - per unit (KVA) consumed | 64.75 | **69.18** |
| | | |
| **Farms 0 to undifined AMP** | | |
| Basic / Availability Charge per month | 403.00 | **430.57** |
| Energy Charge -per Unit (KWh) consumed | 155.67 | **166.32** |
| Network Demand Charge - (KVA) per Unit | 64.24 | **68.63** |
| | | |
| **Consumer Deposits (to be paid prior to connection)** | | |
| Domestic / Residential | 1 587.90 | **1 696.51** |
| Business / Commercial (Small / Medium): 0 - 60 Amp | 3 969.70 | **4 241.23** |
| Business / Commercial / Industrial: 60 -150 Amp | 10 850.50 | **11 592.67** |
| Businesses / Commercial / Industrial: 150 Amp + | 19 848.60 | **21 206.24** |
| | | |
| **Other** | | |
| New Connection (to be paid in advance) | | |
| Re - connecting existing connection | 397.00 | **424.15** |
| Re - connecting (after defualt / dis-connection ) | 436.70 | **466.57** |
| Test Meter (Not Refundable) | 397.00 | **424.15** |

### 1.4.4 Waste Removal and Impact of Tariff Increases

An average tariff increase of 6.59 per cent for refuse removal services from 1 July 2018 is proposed. This increase was required to ensure that the tariff charged is more cost reflective due to the increase in fuel and other costs involved to provide these services. There are also significant rehabilitation provisions included in the budget that needs to be funded.

**Table 10 Waste Management Surplus/(Deficit)**

| Description | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|
| Waste Management | Adjusted Budget | Budget Year 2018/19 | Budget Year 2019/20 | Budget Year 2020/21 |
| Operating Revenue | 35 197 | 36 452 | 39 042 | 40 655 |
| Operating Expenditure | 23 377 | 31 176 | 33 287 | 35 347 |
| **Surplus/(Deficit) for the year** | **11 820** | **5 276** | **5 755** | **5 308** |
| % Profit | 33.58% | 14.47% | 14.74% | 13.06% |

Compared to the revenue and expenditure per function in Schedule A2, it should be noted that the revenue figures above does not include indigent rebates financed from equitable share (refer to Schedule SA1) as well as any capital grant revenue (if any). Expenditure only relates to operating expenditure.

The following table compares current and proposed amounts payable from 1 July 2018:

**Table 11 Comparison between current waste removal fees and increases**

| | 2017/2018 | 2018/2019 |
|---|---|---|
| | EXCL VAT | EXCL VAT |
| | R | R |
| **Domestic Consumers** (per month for one removal per week) | 126.25 | **134.57** |
| Additional removal (per load or part thereof) | 126.25 | **134.57** |
| | | - |
| **Commercial Consumers** (per month for two removals per week) | 270.19 | **288.00** |
| Additional removal (per load or part thereof) | 270.19 | **288.00** |
| | | - |
| **Government Departments (Schools, hotels, SAPS, prison, hospitals, etc)** (per month for two removals per week) | 1 602.08 | **1 707.66** |
| Additional removal (per load or part thereof) | 270.19 | **288.00** |
| | | - |
| **Garden Refuse** (per load) (to be paid in advance ) | 270.19 | **288.00** |
| | | - |
| **Building Rubble** (per load) (to be paid in advance ) | 468.41 | **499.28** |
| | | - |
| **Cleaning of erven** | 270.19 | **288.00** |

### Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households.

### Table 12 Impact of tariff increases on households

| Description | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | | |
|---|---|---|---|---|---|---|
| Rand/cent | Original Budget | Adjusted Budget | Budget Year 2018/19 % incr. | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Monthly Account for Household - 'Middle Income Range'** | | | | | | |
| **Rates and services charges:** | | | | | | |
| Property rates | 777.44 | 777.44 | 5.9% | 822.99 | 872.37 | 932.13 |
| Electricity: Basic levy | 133.96 | 133.96 | 5.9% | 141.81 | 150.31 | 160.61 |
| Electricity: Consumption | 2 142.12 | 2 142.12 | 5.9% | 2 267.65 | 2 403.71 | 2 568.37 |
| Refuse removal | 135.51 | 135.51 | 5.9% | 143.45 | 152.06 | 162.48 |
| **Total large household bill:** | **3 189.03** | **3 189.03** | **5.9%** | **3 375.90** | **3 578.46** | **3 823.58** |
| **% increase/-decrease** | **3.0%** | **–** | | **5.9%** | **6.0%** | **6.9%** |
| **Monthly Account for Household - 'Affordable Range'** | | | | | | |
| **Rates and services charges:** | | | | | | |
| Property rates | 187.15 | 187.15 | 6.0% | 198.38 | 210.29 | 224.69 |
| Electricity: Basic levy | 134.71 | 134.71 | 6.0% | 142.80 | 151.36 | 161.73 |
| Electricity: Consumption | 952.90 | 952.90 | 6.0% | 1 010.08 | 1 070.68 | 1 144.02 |
| Refuse removal | 135.26 | 135.26 | 6.0% | 143.37 | 151.97 | 162.38 |
| **Total small household bill:** | **1 410.03** | **1 410.03** | **6.0%** | **1 494.63** | **1 584.31** | **1 692.83** |
| **% increase/-decrease** | **2.8%** | **–** | | **6.0%** | **6.0%** | **6.9%** |
| **Monthly Account for Household - 'Indigent' Household receiving free basic services** | | | | | | |
| **Rates and services charges:** | | | | | | |
| Property rates | 120.50 | 120.50 | 6.0% | 127.73 | 135.39 | 144.67 |
| Electricity: Consumption | 367.67 | 367.67 | 6.0% | 389.73 | 413.11 | 441.41 |
| Refuse removal | 135.26 | 135.26 | 6.0% | 143.37 | 151.97 | 162.38 |
| **Total small household bill:** | **623.42** | **623.42** | **6.0%** | **660.83** | **700.48** | **748.46** |
| **% increase/-decrease** | **3.5%** | **–** | | **6.0%** | **6.0%** | **6.9%** |

## 1.5 Operating Expenditure Framework

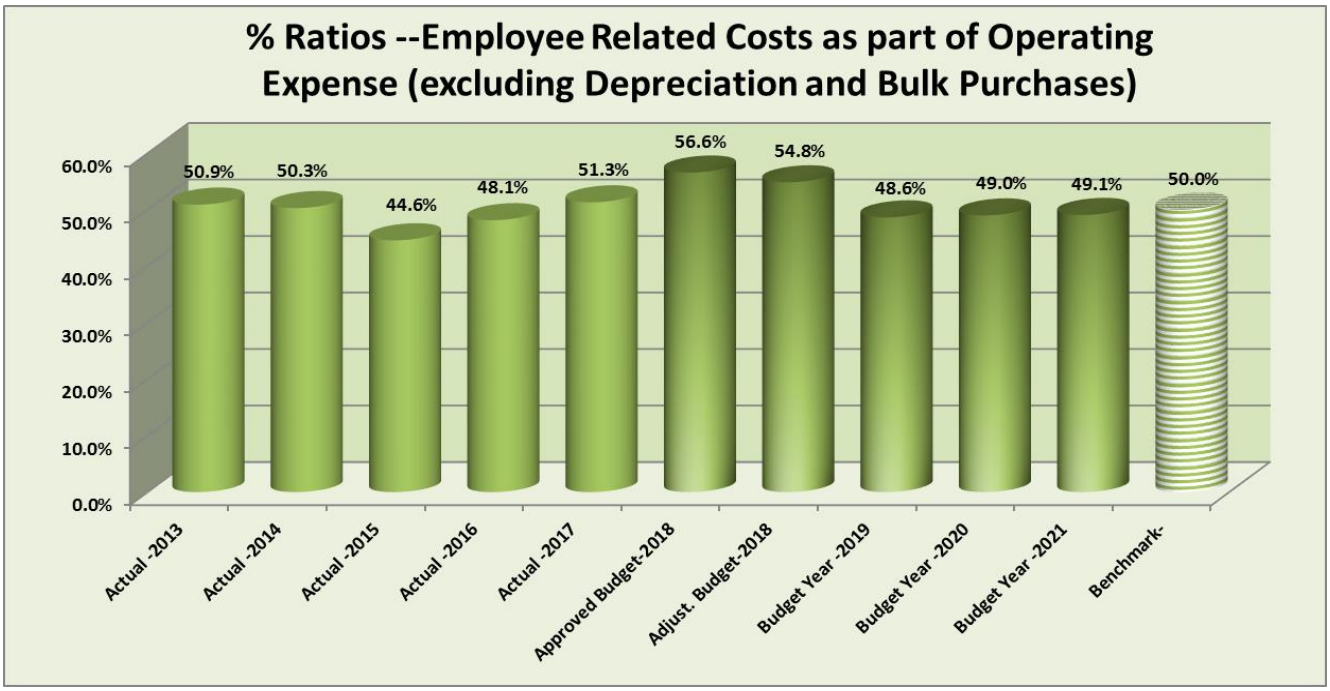
Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation. With the implementation of cost containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential and non-priority activities.

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

**Table 13 Summary of operating expenditure by standard classification item**

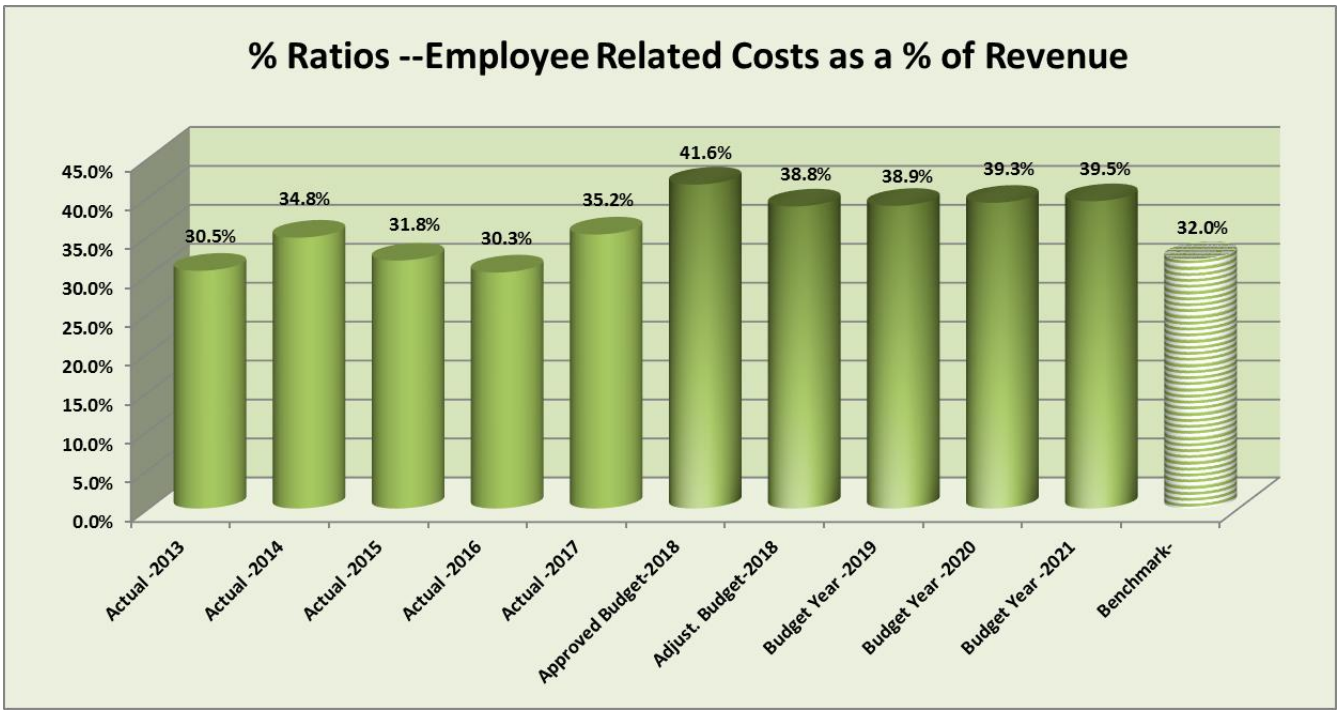
| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited | Audited | Audited | Original | Adjusted | Budget Year | Budget Year | Budget Year |
| | Outcome | Outcome | Outcome | Budget | Budget | 2018/19 | 2019/20 | 2020/21 |
| | | | | | | | | |
| Expenditure By Type | | | | | | | | |
| Employee related costs | 54 496 | 62 173 | 71 967 | 85 657 | 85 556 | 87 122 | 92 674 | 98 579 |
| Remuneration of councillors | 10 399 | 11 064 | 10 736 | 13 428 | 12 882 | 13 355 | 14 475 | 15 343 |
| Debt impairment | 4 554 | 4 241 | 5 029 | 4 983 | 4 983 | 4 963 | 5 598 | 5 934 |
| Depreciation & asset impairment | 18 368 | 18 352 | 19 678 | 21 016 | 28 506 | 22 290 | 23 627 | 25 045 |
| Finance charges | 1 341 | 2 528 | 2 824 | 2 818 | 2 984 | 3 163 | 3 353 | 3 554 |
| Bulk purchases | 20 079 | 23 771 | 27 745 | 30 103 | 33 331 | 34 506 | 37 451 | 39 698 |
| Other materials | – | – | – | 7 844 | 12 741 | 13 179 | 13 694 | 14 516 |
| Contracted services | – | 19 980 | 22 431 | 23 678 | 27 488 | 28 298 | 28 173 | 29 956 |
| Transfers and subsidies | 480 | – | 210 | – | 300 | 290 | 250 | 250 |
| Other expenditure | 51 181 | 30 270 | 27 070 | 30 618 | 31 189 | 29 097 | 31 269 | 33 072 |
| Loss on disposal of PPE | 264 | 290 | 60 | – | – | – | – | – |
| **Total Expenditure** | **161 163** | **172 668** | **187 749** | **220 145** | **239 960** | **236 264** | **250 563** | **265 946** |

The budgeted allocation for employee related costs for the 2018/19 financial year totals R87,12 million, which equals 37 per cent of the total operating expenditure. This percentage remains at 37 per cent over the MTREF. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis the situation is as follows:




This ratio is slightly below the benchmarking figure set between the municipalities in the Western Cape. The room for any upwards adjustment in employee related costs over and above the current levels are limited and should be carefully considered before implementing any further salary increases (eg TASK).

When compared to revenue, the employee related figure remains above the set benchmark during the MTREF as illustrated below:

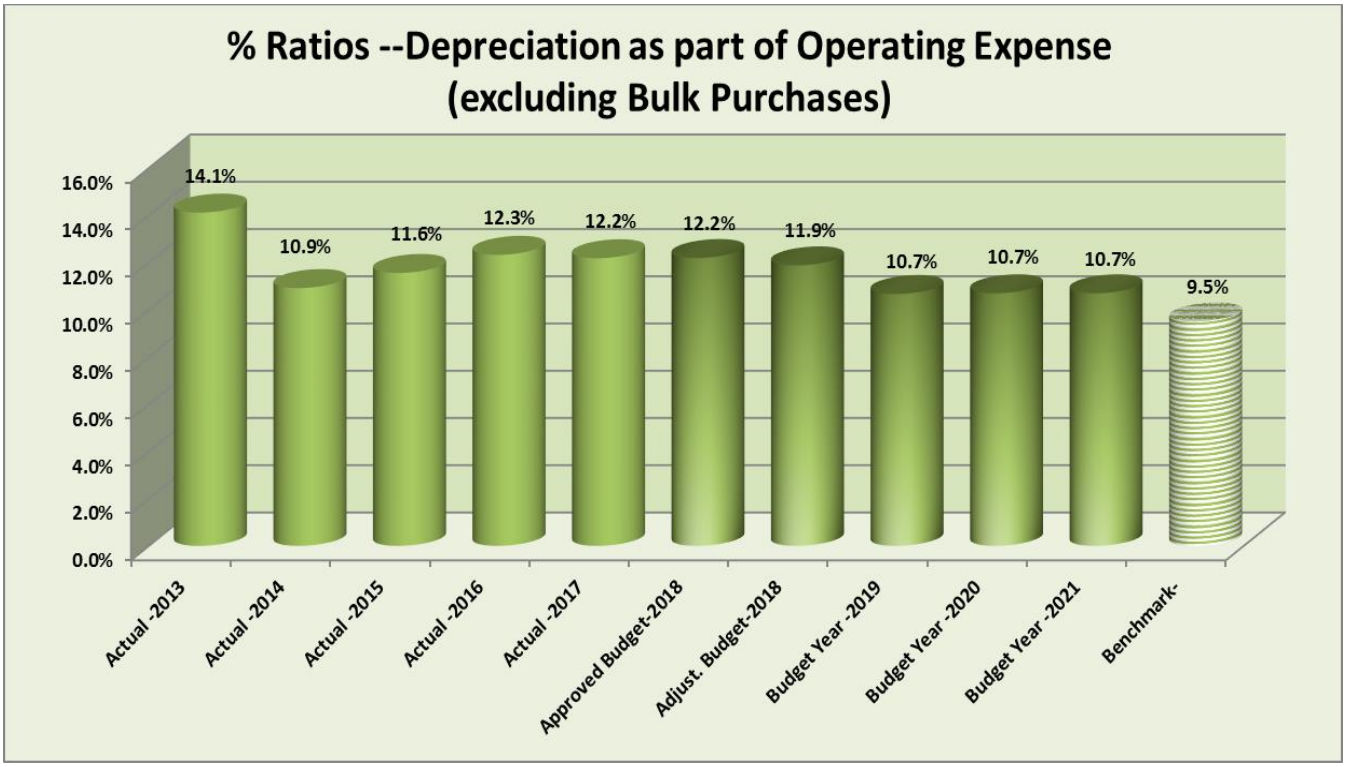


A detailed analysis regarding employee related costs as set out in MBRR Tables SA22 - 24 in this document.

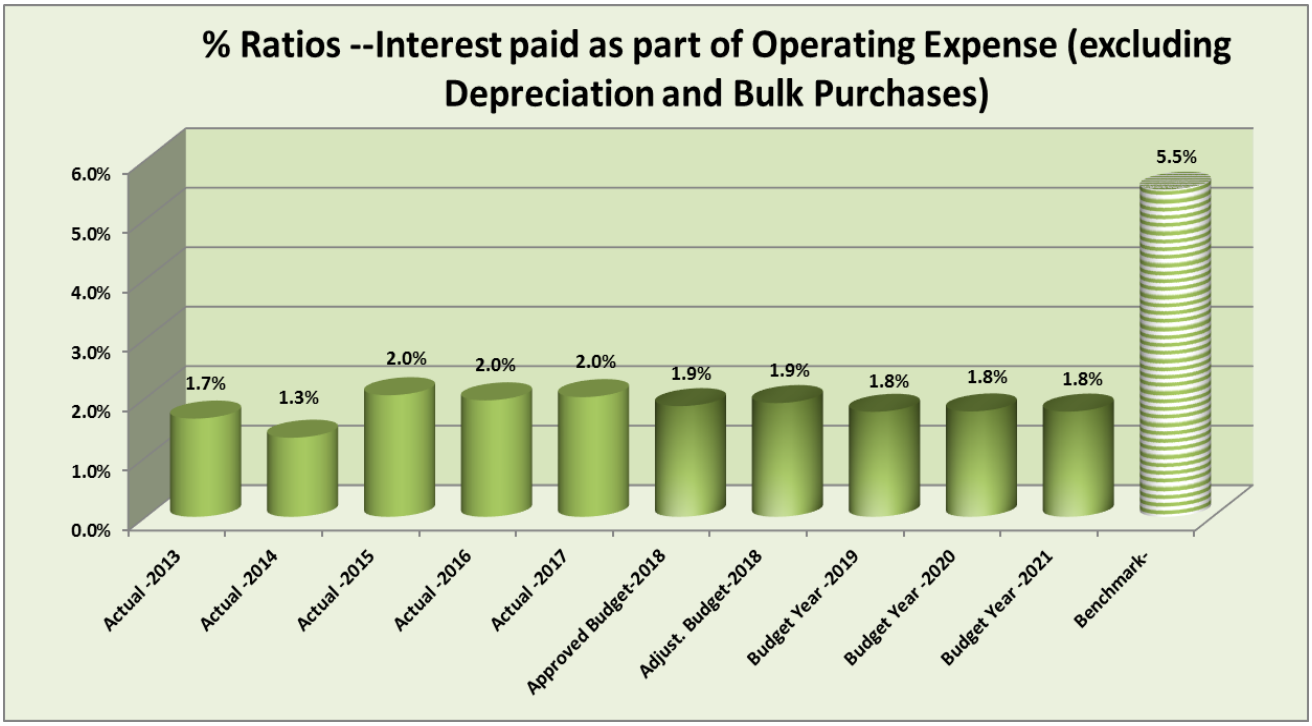
The cost associated with the remuneration of councilors are budgeted for as the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councilor(s) concerned.

The provision of debt impairment was determined based on an annual collection rate of 90 per cent and the Debt Write-off Policy of the Municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard totals R22 million for the 2018/19 financial and equates to 9,43 per cent of the total operating expenditure. The appropriation increases to R25 million over the MTREF. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 11 per cent of the expenditure. The benchmark for local municipalities is 9,5 per cent, and this small difference indicating that expected useful lives and depreciation rates are realistic.



The Municipality is limiting its borrowing in order to keep finance charges to the absolute minimum. Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1,3 per cent (R3,16 million) of operating expenditure excluding annual redemption for 2018/19 and increases to R3,55 million by 2020/21. If depreciation and bulk purchases are excluded in order to compare the municipality to the set benchmark, the results are as below and are well below the average.




Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Although the municipality is not in control of the increase in the cost of bulk purchases, the municipality could still implement measures to reduce distribution losses as well as internal consumption. Electricity bulk purchases represents 14,6 per cent of expenditure for 2018/19 and this percentage increase slightly over the MTREF to 14,9 per cent for 2020/21.

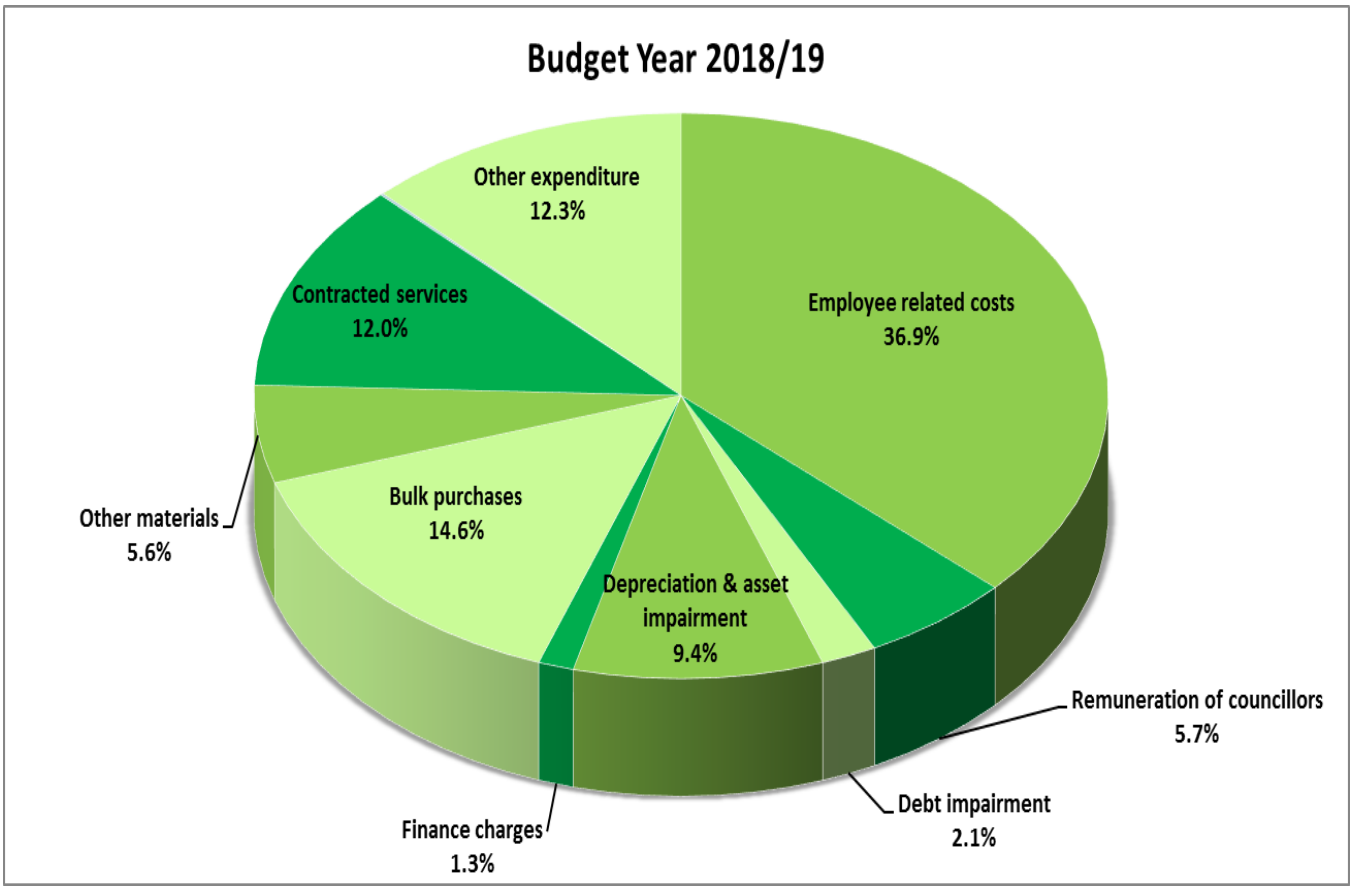
The implementation of mSCOA has aligned some of the operational line items from the general expenditure category into the contracted services and other materials categories. The alignment impacts on our contracted services and other materials increasing and other expenditure line items reducing. There are more such immaterial alignment adjustments done on revenue and expenditure over the MTREF.

Other materials consist out of all items that are accounted for using inventory accounts in the mSCOA structure.

Contracted services consists of the delivery of primary services and are distinguish between "Outsourced Services, Consultants and Professional Services and Contractors" which are broken down further into the different types of services provided. Included in Contracted Services are an amount of R19 million over the MTREF for Repairs and Maintenance.

Other expenditure comprises of various line items relating to the daily operations of the municipality (including repairs and maintenance as well as operating grant expenditure). This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

**Main operational expenditure categories for the 2018/19 financial year (R'000)**




### 1.5.1 Priority given to repairs and maintenance

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritised as a spending objective in the budget of municipalities.

Municipalities must ensure they prioritise asset management and take into consideration the following:

1) 40 per cent of its Capital Budget should be allocated to the renewal/upgrading of existing assets it.
2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE)

Currently the municipality is not achieving these targets as indicated below:

**Table 14 Repairs and maintenance per asset class**

| Description<br>R thousand | Current Year 2017/18<br>Adjusted Budget | 2018/19 Medium Term Revenue & Expenditure Framework<br>Budget Year 2018/19 | <br>Budget Year +1 2019/20 | <br>Budget Year +2 2020/21 |
|---|---|---|---|---|
| **Repairs and Maintenance by Asset Class** | **9 339** | **10 288** | **9 642** | **10 229** |
| *Roads Infrastructure* | 1 926 | 2 000 | 1 843 | 1 952 |
| *Storm water Infrastructure* | 21 | 292 | 24 | 25 |
| *Electrical Infrastructure* | 1 193 | 946 | 924 | 990 |
| *Solid Waste Infrastructure* | 225 | 238 | 253 | 268 |
| **Infrastructure** | ***3 364*** | ***3 477*** | ***3 043*** | ***3 234*** |
| Community Facilities | 1 673 | 1 933 | 1 766 | 1 872 |
| Sport and Recreation Facilities | 115 | 122 | 129 | 137 |
| **Community Assets** | ***1 788*** | ***2 055*** | ***1 895*** | ***2 009*** |
| Operational Buildings | 581 | 934 | 652 | 692 |
| **Other Assets** | ***581*** | ***934*** | ***652*** | ***692*** |
| **Furniture and Office Equipment** | **392** | **415** | **440** | **467** |
| **Machinery and Equipment** | **1 203** | **1 275** | **1 351** | **1 432** |
| **Transport Assets** | **2 012** | **2 132** | **2 260** | **2 396** |
| ***Renewal and upgrading of Existing Assets as % of total capex*** | *21.0%* | *24.2%* | *27.3%* | *25.5%* |
| ***Renewal and upgrading of Existing Assets as % of deprecn*** | *66.7%* | *84.3%* | *82.3%* | *51.9%* |
| ***R&M as a % of PPE*** | *2.5%* | *2.4%* | *2.0%* | *2.0%* |
| ***Renewal and upgrading and R&M as a % of PPE*** | *6.0%* | *6.0%* | *6.0%* | *4.0%* |

It should however be noted that the municipality is currently not allocating items such as employee related cost utilized in repairs and maintenance projects to the repairs and maintenance line items. This is mainly due to a lack of a costing system to provide for such allocations. It is anticipated that the full implementation of mSCOA will correct this deficiency.

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act.

Tariffs for indigent households are set out below:

- Rates free of charge to the value based on the market value of the property to the maximum of R60 000
- 50 kWh free electricity per month
- Free refuse x 4 removals per month

The cost associated with indigent subsidies amounts to R11,58 million in 2018/19 and increases to R 12,29 million and R13,03 million in the 2 outer years respectively. These figures are disclosed under operating expenditure projects and include items such as Bulk purchases, Contracted services, Other materials and Other expenditure in table A4 of the budget schedules. This do not include the Property rates rebates and the 50 kWh electricity provided to indigents. These amounts are disclosed in table A10 of the budget schedules.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 15 2018/19 Medium-term capital budget per vote**

| Vote Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year | Budget Year +1 | Budget Year +2 |
| **Capital expenditure - Vote** | | | | | | | | |
| **Multi-year expenditure** ***to be appropriated*** | | | | | | | | |
| Vote 2 - Planning & Development | – | 30 | – | – | – | – | – | – |
| Vote 3 - Corporate Services | – | – | 265 | 7 600 | 6 100 | 4 500 | 7 500 | – |
| Vote 5 - Road Transport | 5 569 | 17 278 | 18 725 | 29 921 | 28 528 | 20 204 | 18 000 | 19 000 |
| Vote 9 - Community & Social Services | – | 11 994 | – | 2 650 | 1 450 | 2 000 | 7 300 | – |
| Vote 10 - Sport & Recreation | – | 1 696 | 8 155 | 500 | 1 394 | – | – | – |
| Vote 11 - Public Safety | – | – | – | 800 | – | – | – | – |
| Vote 12 - Electricity | – | 2 349 | 3 473 | 7 000 | 7 318 | 8 183 | 6 200 | 8 500 |
| Vote 13 - Waste Management | 116 | 502 | 288 | 15 600 | 10 454 | 11 621 | 25 025 | 2 200 |
| **Capital multi-year expenditure sub-total** | **5 685** | **33 849** | **30 907** | **64 071** | **55 244** | **46 508** | **64 025** | **29 700** |
| **Single-year expenditure** ***to be appropriated*** | | | | | | | | |
| Vote 1 - Executive & Council | 1 696 | 213 | 58 | 1 821 | 1 461 | 935 | – | – |
| Vote 2 - Planning & Development | 814 | 75 | 1 552 | 151 | 117 | 150 | – | 600 |
| Vote 3 - Corporate Services | 8 811 | 1 004 | 336 | 96 | 130 | 1 122 | – | – |
| Vote 4 - Budget & Treasury | 2 158 | 519 | 1 025 | 1 516 | 1 111 | 546 | – | – |
| Vote 5 - Road Transport | 10 541 | 1 195 | 2 224 | 3 096 | 3 505 | 5 360 | 700 | 15 350 |
| Vote 7 - Housing | 306 | – | – | – | – | – | – | – |
| Vote 9 - Community & Social Services | 916 | 201 | 1 945 | – | 1 586 | – | – | 1 244 |
| Vote 10 - Sport & Recreation | 11 616 | – | 43 | 900 | 1 250 | 1 950 | – | – |
| Vote 11 - Public Safety | 38 | 20 | – | 2 700 | 1 183 | 7 632 | – | – |
| Vote 12 - Electricity | 4 094 | 867 | 3 761 | 138 | 255 | 1 884 | – | 2 537 |
| Vote 13 - Waste Management | 400 | 942 | 220 | 5 140 | 865 | 11 480 | 6 400 | 1 600 |
| **Capital single-year expenditure sub-total** | **41 390** | **5 036** | **11 164** | **15 557** | **11 463** | **31 059** | **7 100** | **21 331** |
| **Total Capital Expenditure - Vote** | **47 075** | **38 885** | **42 071** | **79 627** | **66 707** | **77 567** | **71 125** | **51 031** |

The following table provides more information on the breakdown of the capital budget.

### Table 16 Asset Management

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **CAPITAL EXPENDITURE** | | | | | | | | |
| **Total New Assets** | **47 075** | **38 885** | **29 658** | **55 077** | **52 673** | **58 766** | **51 675** | **38 031** |
| *Roads Infrastructure* | 9 536 | 13 425 | 10 914 | 25 491 | 27 872 | 25 454 | 18 300 | 22 450 |
| *Storm water Infrastructure* | 3 281 | 3 853 | 2 455 | – | – | – | – | – |
| *Electrical Infrastructure* | 2 988 | 2 349 | 3 057 | 7 000 | 7 318 | 8 283 | 6 200 | 11 037 |
| *Solid Waste Infrastructure* | 116 | 502 | 340 | 7 550 | 3 975 | 12 120 | 23 175 | 3 200 |
| **Infrastructure** | ***15 921*** | ***20 129*** | ***16 767*** | ***40 041*** | ***39 165*** | ***45 857*** | ***47 675*** | ***36 687*** |
| Community Facilities | 380 | 12 220 | 1 934 | 4 746 | 3 185 | 7 712 | 4 000 | 1 344 |
| Sport and Recreation Facilities | 11 616 | 1 626 | 7 600 | – | 994 | 250 | – | – |
| **Community Assets** | ***11 996*** | ***13 846*** | ***9 534*** | ***4 746*** | ***4 179*** | ***7 962*** | ***4 000*** | ***1 344*** |
| Operational Buildings | 10 802 | 836 | 499 | 2 850 | 2 600 | 200 | – | – |
| **Other Assets** | ***10 802*** | ***836*** | ***499*** | ***2 850*** | ***2 600*** | ***200*** | **–** | **–** |
| Licences and Rights | – | 85 | – | 161 | 161 | 600 | – | – |
| **Intangible Assets** | **–** | ***85*** | **–** | ***161*** | ***161*** | ***600*** | **–** | **–** |
| **Computer Equipment** | **–** | **383** | **1 390** | **1 209** | **954** | **1 137** | **–** | **–** |
| **Furniture and Office Equipment** | **2 402** | **594** | **329** | **320** | **322** | **110** | **–** | **–** |
| **Machinery and Equipment** | **1 025** | **1 075** | **715** | **3 650** | **3 570** | **1 200** | **–** | **–** |
| **Transport Assets** | **4 929** | **1 937** | **425** | **2 100** | **1 722** | **1 700** | **–** | **–** |
| **Total Renewal of Existing Assets** | **–** | **–** | **12 097** | **11 350** | **5 980** | **8 500** | **10 800** | **1 100** |
| *Roads Infrastructure* | – | – | 6 275 | – | – | – | – | – |
| *Electrical Infrastructure* | – | – | 4 163 | – | – | – | – | – |
| *Solid Waste Infrastructure* | – | – | – | 4 000 | – | – | – | 600 |
| **Infrastructure** | **–** | **–** | ***10 437*** | ***4 000*** | **–** | **–** | **–** | ***600*** |
| Community Facilities | – | – | 1 645 | 2 350 | 2 480 | 2 100 | 3 300 | 500 |
| Sport and Recreation Facilities | – | – | – | – | – | 1 100 | – | – |
| **Community Assets** | **–** | **–** | ***1 645*** | ***2 350*** | ***2 480*** | ***3 200*** | ***3 300*** | ***500*** |
| Operational Buildings | – | – | 14 | 5 000 | 3 500 | 5 300 | 7 500 | – |
| **Other Assets** | **–** | **–** | ***14*** | ***5 000*** | ***3 500*** | ***5 300*** | ***7 500*** | **–** |
| **Total Upgrading of Existing Assets** | **–** | **–** | **316** | **13 200** | **8 054** | **10 301** | **8 650** | **11 900** |
| *Roads Infrastructure* | – | – | – | 3 600 | 550 | – | 400 | 11 900 |
| *Solid Waste Infrastructure* | – | – | – | 9 100 | 7 254 | 10 301 | 8 250 | – |
| **Infrastructure** | **–** | **–** | **–** | ***12 700*** | ***7 804*** | ***10 301*** | ***8 650*** | ***11 900*** |
| Community Facilities | – | – | 316 | – | – | – | – | – |
| **Community Assets** | **–** | **–** | ***316*** | **–** | **–** | **–** | **–** | **–** |
| Operational Buildings | – | – | – | 500 | 250 | – | – | – |
| **Other Assets** | **–** | **–** | **–** | ***500*** | ***250*** | **–** | **–** | **–** |

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Total Capital Expenditure** | | | | | | | | |
| *Roads Infrastructure* | 9 536 | 13 425 | 17 189 | 29 091 | 28 422 | 25 454 | 18 700 | 34 350 |
| *Storm water Infrastructure* | 3 281 | 3 853 | 2 455 | – | – | – | – | – |
| *Electrical Infrastructure* | 2 988 | 2 349 | 7 220 | 7 000 | 7 318 | 8 283 | 6 200 | 11 037 |
| *Solid Waste Infrastructure* | 116 | 502 | 340 | 20 650 | 11 229 | 22 421 | 31 425 | 3 800 |
| **Infrastructure** | ***15 921*** | ***20 129*** | ***27 204*** | ***56 741*** | ***46 969*** | ***56 158*** | ***56 325*** | ***49 187*** |
| Community Facilities | 380 | 12 220 | 3 896 | 7 096 | 5 665 | 9 812 | 7 300 | 1 844 |
| Sport and Recreation Facilities | 11 616 | 1 626 | 7 600 | – | 994 | 1 350 | – | – |
| **Community Assets** | ***11 996*** | ***13 846*** | ***11 496*** | ***7 096*** | ***6 659*** | ***11 162*** | ***7 300*** | ***1 844*** |
| Operational Buildings | 10 802 | 836 | 513 | 8 350 | 6 350 | 5 500 | 7 500 | – |
| **Other Assets** | ***10 802*** | ***836*** | ***513*** | ***8 350*** | ***6 350*** | ***5 500*** | ***7 500*** | **–** |
| Licences and Rights | – | 85 | – | 161 | 161 | 600 | – | – |
| **Intangible Assets** | **–** | ***85*** | **–** | ***161*** | ***161*** | ***600*** | **–** | **–** |
| **Computer Equipment** | **–** | **383** | **1 390** | **1 209** | **954** | **1 137** | **–** | **–** |
| **Furniture and Office Equipment** | **2 402** | **594** | **329** | **320** | **322** | **110** | **–** | **–** |
| **Machinery and Equipment** | **1 025** | **1 075** | **715** | **3 650** | **3 570** | **1 200** | **–** | **–** |
| **Transport Assets** | **4 929** | **1 937** | **425** | **2 100** | **1 722** | **1 700** | **–** | **–** |
| **TOTAL CAPITAL EXPENDITURE - Asset class** | **47 075** | **38 885** | **42 071** | **79 627** | **66 707** | **77 567** | **71 125** | **51 031** |

Much emphasis was placed on roads as one of the main economic drivers within the region. An amount of R25,5 million for road - and bridge projects were budgeted for 2018/19 and R 78,5 million over the MTREF period. A total of R25,5 million over the MTREF is allocated to electrical infrastructure projects.

A significant portion of the MIG funding were allocated to Solid Waste Sites within the Senqu Area. An amount of R22,4 million has been provided for Solid Waste Infrastructure projects for the 2018/19 budget year and a total of R57,6 million over the MTREF period

The allocation to sport facilities amounts to R1,4 million over the MTREF. R18,9 million is allocated towards community facilities over the MTREF, of which R5,2 million is allocated to cemeteries, R7,2 million towards animal pounds and R5,3 million towards community halls. A further R13 million was allocated for municipal buildings over the MTREF period.

## 1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

### Table 17 MBRR Table A1 - Budget Summary

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Financial Performance** | | | | | | | | |
| Property rates | 4 607 | 4 654 | 5 192 | 7 686 | 7 686 | 8 147 | 8 635 | 9 154 |
| Service charges | 29 279 | 30 896 | 33 678 | 35 142 | 47 461 | 50 813 | 53 862 | 57 094 |
| Investment revenue | 10 512 | 13 913 | 18 021 | 13 780 | 15 000 | 15 000 | 15 600 | 16 224 |
| Transfers recognised - operational | 124 358 | 149 152 | 140 468 | 139 520 | 139 520 | 144 318 | 151 683 | 162 198 |
| Other own revenue | 12 861 | 11 838 | 10 517 | 9 775 | 10 920 | 5 926 | 6 282 | 5 123 |
| **Total Revenue (excluding capital transfers and contributions)** | 181 616 | 210 454 | 207 877 | 205 902 | 220 586 | 224 204 | 236 063 | 249 793 |
| Employee costs | 54 496 | 62 173 | 71 967 | 85 657 | 85 556 | 87 122 | 92 674 | 98 579 |
| Remuneration of councillors | 10 399 | 11 064 | 10 736 | 13 428 | 12 882 | 13 355 | 14 475 | 15 343 |
| Depreciation & asset impairment | 18 368 | 18 352 | 19 678 | 21 016 | 28 506 | 22 290 | 23 627 | 25 045 |
| Finance charges | 1 341 | 2 528 | 2 824 | 2 818 | 2 984 | 3 163 | 3 353 | 3 554 |
| Materials and bulk purchases | 20 079 | 23 771 | 27 745 | 37 948 | 46 072 | 47 686 | 51 144 | 54 213 |
| Transfers and grants | 480 | – | 210 | – | 300 | 290 | 250 | 250 |
| Other expenditure | 56 000 | 54 781 | 54 590 | 59 278 | 63 659 | 62 358 | 65 040 | 68 962 |
| **Total Expenditure** | 161 163 | 172 668 | 187 749 | 220 145 | 239 960 | 236 264 | 250 563 | 265 946 |
| **Surplus/(Deficit)** | 20 453 | 37 786 | 20 128 | (14 243) | (19 374) | (12 060) | (14 501) | (16 153) |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 27 636 | 31 956 | 33 684 | 42 159 | 42 159 | 44 850 | 39 761 | 43 481 |
| Contributions recognised - capital & contributed assets | – | 77 | – | – | – | – | – | – |
| **Surplus/(Deficit) for the year** | 48 089 | 69 818 | 53 812 | 27 916 | 22 785 | 32 790 | 25 260 | 27 327 |
| **Capital expenditure & funds sources** | | | | | | | | |
| **Capital expenditure** | 47 075 | 38 885 | 42 071 | 79 627 | 66 707 | 77 567 | 71 125 | 51 031 |
| Transfers recognised - capital | 26 443 | 31 996 | 33 684 | 42 159 | 42 159 | 44 850 | 39 761 | 43 481 |
| Internally generated funds | 20 632 | 6 889 | 8 387 | 37 468 | 24 548 | 32 717 | 31 364 | 7 550 |
| **Total sources of capital funds** | 47 075 | 38 885 | 42 071 | 79 627 | 66 707 | 77 567 | 71 125 | 51 031 |

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Financial position** | | | | | | | | |
| Total current assets | 202 808 | 242 347 | 277 782 | 199 781 | 252 597 | 233 392 | 215 374 | 221 609 |
| Total non current assets | 298 131 | 325 512 | 355 738 | 417 804 | 406 645 | 461 923 | 509 421 | 535 407 |
| Total current liabilities | 34 524 | 31 120 | 31 520 | 24 231 | 32 351 | 33 062 | 34 248 | 35 647 |
| Total non current liabilities | 29 589 | 31 192 | 31 885 | 35 541 | 33 993 | 36 564 | 39 598 | 43 093 |
| Community wealth/Equity | 436 826 | 505 547 | 570 114 | 557 813 | 592 898 | 625 688 | 650 949 | 678 276 |
| **Cash flows** | | | | | | | | |
| Net cash from (used) operating | 69 269 | 76 794 | 74 809 | 51 465 | 41 885 | 57 062 | 52 074 | 56 182 |
| Net cash from (used) investing | (48 127) | (38 636) | (41 833) | (79 627) | (66 707) | (77 567) | (71 125) | (51 031) |
| Net cash from (used) financing | (672) | (700) | (724) | (757) | (756) | (766) | (776) | (787) |
| **Cash/cash equivalents at the year end** | 183 460 | 220 917 | 253 169 | 181 110 | 227 591 | 206 321 | 186 494 | 190 858 |
| **Cash backing/surplus reconciliation** | | | | | | | | |
| Cash and investments available | 183 460 | 220 917 | 253 169 | 181 110 | 227 591 | 206 321 | 186 494 | 190 858 |
| Application of cash and investments | 11 477 | 3 517 | (117) | 146 571 | 184 282 | 175 690 | 166 368 | 176 005 |
| **Balance - surplus (shortfall)** | 171 983 | 217 400 | 253 286 | 34 539 | 43 310 | 30 631 | 20 126 | 14 853 |
| **Asset management** | | | | | | | | |
| Asset register summary (WDV) | 296 838 | 324 398 | 354 452 | 416 690 | 405 360 | 460 637 | 508 135 | 534 121 |
| Depreciation | 13 180 | 18 352 | 19 458 | 21 016 | 21 028 | 22 290 | 23 627 | 25 045 |
| Renewal of Existing Assets | – | – | 12 097 | 11 350 | 5 980 | 8 500 | 10 800 | 1 100 |
| Repairs and Maintenance | 4 613 | 6 780 | 6 774 | 9 735 | 9 339 | 10 288 | 9 642 | 10 229 |
| **Free services** | | | | | | | | |
| Cost of Free Basic Services provided | 8 689 | 9 566 | 9 499 | 12 290 | 539 | 571 | 605 | 642 |
| Revenue cost of free services provided | 1 436 | 1 620 | 1 747 | 1 928 | 1 928 | 2 044 | 2 166 | 2 296 |
| **Households below minimum service level** | | | | | | | | |
| Energy: | – | – | 7 | 8 | 8 | 8 | 8 | 9 |
| Refuse: | – | – | 34 | 36 | 36 | 38 | 40 | 43 |

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The accumulated surplus is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognised is reflected on the Financial Performance Budget;
        ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
        iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows a sharp decline over the MTREF. This will in turn result in a sharp decline in the CRR.

## Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

| Functional Classification Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Revenue - Functional** | | | | | | | | |
| ***Governance and administration*** | **122 838** | **106 526** | **108 206** | **106 290** | **112 679** | **110 146** | **117 487** | **125 046** |
| Executive and council | 7 414 | 7 212 | 6 485 | 6 675 | 6 675 | 7 015 | 7 362 | 7 711 |
| Finance and administration | 115 424 | 99 314 | 101 722 | 99 615 | 106 004 | 103 131 | 110 125 | 117 335 |
| ***Community and public safety*** | **16 574** | **18 396** | **1 683** | **6 068** | **1 706** | **1 714** | **1 727** | **1 741** |
| Community and social services | 3 560 | 13 783 | 1 576 | 1 590 | 1 624 | 1 631 | 1 639 | 1 647 |
| Sport and recreation | 12 816 | 2 362 | 2 | – | – | – | – | – |
| Public safety | 168 | 2 251 | 105 | 4 477 | 83 | 83 | 88 | 93 |
| Housing | 30 | – | – | – | – | – | – | – |
| ***Economic and environmental services*** | **24 614** | **32 473** | **41 345** | **43 960** | **42 956** | **45 994** | **41 075** | **42 798** |
| Planning and development | 1 988 | 8 443 | 2 121 | 2 204 | 2 089 | 2 029 | 2 074 | 2 088 |
| Road transport | 22 626 | 24 030 | 39 224 | 41 756 | 40 867 | 43 965 | 39 001 | 40 710 |
| ***Trading services*** | **45 227** | **85 091** | **90 306** | **91 734** | **105 402** | **111 197** | **115 532** | **123 685** |
| Energy sources | 37 403 | 55 426 | 59 123 | 62 996 | 70 205 | 74 745 | 76 490 | 83 030 |
| Waste management | 7 824 | 29 665 | 31 183 | 28 737 | 35 197 | 36 452 | 39 042 | 40 655 |
| ***Other*** | **–** | **–** | **20** | **11** | **3** | **3** | **3** | **3** |
| **Total Revenue - Functional** | **209 252** | **242 487** | **241 561** | **248 061** | **262 745** | **269 054** | **275 823** | **293 274** |
| **Expenditure - Functional** | | | | | | | | |
| ***Governance and administration*** | **62 593** | **63 109** | **74 452** | **94 108** | **101 253** | **94 073** | **99 960** | **106 091** |
| Executive and council | 24 637 | 22 156 | 23 496 | 27 085 | 27 689 | 27 831 | 29 884 | 31 737 |
| Finance and administration | 36 550 | 39 591 | 49 335 | 64 300 | 71 175 | 63 444 | 67 531 | 71 652 |
| Internal audit | 1 405 | 1 362 | 1 621 | 2 723 | 2 390 | 2 798 | 2 545 | 2 703 |
| ***Community and public safety*** | **9 203** | **16 812** | **15 697** | **19 585** | **18 973** | **11 973** | **12 435** | **13 209** |
| Community and social services | 7 399 | 6 444 | 7 311 | 7 912 | 8 798 | 9 154 | 9 440 | 10 027 |
| Sport and recreation | 345 | 1 036 | 1 420 | 1 552 | 1 849 | 1 891 | 2 009 | 2 134 |
| Public safety | 56 | 9 332 | 6 966 | 10 121 | 8 326 | 928 | 986 | 1 048 |
| Housing | 1 402 | – | – | – | – | – | – | – |
| ***Economic and environmental services*** | **42 822** | **41 544** | **36 579** | **41 575** | **42 755** | **43 868** | **45 901** | **48 736** |
| Planning and development | 13 448 | 20 166 | 13 354 | 15 642 | 16 127 | 16 409 | 17 377 | 18 459 |
| Road transport | 29 309 | 21 378 | 23 094 | 25 750 | 26 478 | 27 309 | 28 364 | 30 108 |
| Environmental protection | 65 | – | 132 | 182 | 151 | 150 | 160 | 170 |
| ***Trading services*** | **45 521** | **51 203** | **59 555** | **63 026** | **75 220** | **84 586** | **90 435** | **95 963** |
| Energy sources | 30 866 | 34 905 | 40 439 | 42 502 | 48 244 | 49 453 | 53 233 | 56 457 |
| Waste water management | 1 184 | 2 272 | 2 370 | 2 337 | 3 600 | 3 956 | 3 916 | 4 160 |
| Waste management | 13 471 | 14 026 | 16 746 | 18 188 | 23 377 | 31 176 | 33 287 | 35 347 |
| ***Other*** | **1 024** | **–** | **1 466** | **1 850** | **1 758** | **1 765** | **1 833** | **1 947** |
| **Total Expenditure - Functional** | **161 163** | **172 668** | **187 749** | **220 145** | **239 960** | **236 264** | **250 563** | **265 946** |
| **Surplus/(Deficit) for the year** | **48 089** | **69 818** | **53 812** | **27 916** | **22 785** | **32 790** | **25 260** | **27 327** |

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

## Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Revenue by Vote** | | | | | | | | |
| Vote 1 - Executive & Council | 7 414 | 7 212 | 6 485 | 6 675 | 6 675 | 7 015 | 7 362 | 7 711 |
| Vote 2 - Planning & Development | 1 929 | 8 388 | 1 891 | 1 992 | 2 009 | 1 944 | 1 984 | 2 088 |
| Vote 3 - Corporate Services | 6 010 | 230 | 2 242 | 433 | 5 427 | 104 | 110 | 21 |
| Vote 4 - Budget & Treasury | 109 473 | 99 139 | 99 718 | 99 394 | 100 657 | 103 112 | 110 105 | 117 314 |
| Vote 5 - Road Transport | 22 626 | 24 030 | 39 224 | 41 756 | 40 867 | 43 965 | 39 001 | 40 710 |
| Vote 7 - Housing | 30 | – | – | – | – | – | – | – |
| Vote 9 - Community & Social Services | 3 560 | 13 783 | 1 588 | 1 601 | 1 626 | 1 634 | 1 642 | 1 650 |
| Vote 10 - Sport & Recreation | 12 816 | 2 362 | 2 | – | – | – | – | – |
| Vote 11 - Public Safety | 168 | 2 251 | 105 | 4 477 | 83 | 83 | 88 | 93 |
| Vote 12 - Electricity | 37 403 | 55 426 | 59 123 | 62 996 | 70 205 | 74 745 | 76 490 | 83 030 |
| Vote 13 - Waste Management | 7 824 | 29 665 | 31 183 | 28 737 | 35 197 | 36 452 | 39 042 | 40 655 |
| **Total Revenue by Vote** | **209 252** | **242 487** | **241 561** | **248 061** | **262 745** | **269 054** | **275 823** | **293 274** |
| **Expenditure by Vote** ***to be appropriated*** | | | | | | | | |
| Vote 1 - Executive & Council | 26 043 | 23 518 | 25 117 | 29 808 | 30 079 | 30 629 | 32 429 | 34 439 |
| Vote 2 - Planning & Development | 15 098 | 20 901 | 15 135 | 17 973 | 18 371 | 18 891 | 19 705 | 20 932 |
| Vote 3 - Corporate Services | 17 057 | 15 993 | 25 371 | 33 321 | 39 625 | 32 002 | 32 670 | 34 733 |
| Vote 4 - Budget & Treasury | 18 683 | 22 863 | 23 237 | 29 928 | 30 528 | 30 197 | 33 803 | 35 796 |
| Vote 5 - Road Transport | 30 493 | 21 378 | 23 094 | 25 750 | 26 478 | 27 309 | 28 364 | 30 108 |
| Vote 6 - Waste Water Management | – | 2 272 | 2 370 | 2 337 | 3 600 | 3 956 | 3 916 | 4 160 |
| Vote 7 - Housing | 1 402 | – | – | – | – | – | – | – |
| Vote 9 - Community & Social Services | 7 649 | 6 444 | 7 853 | 8 667 | 9 484 | 9 833 | 10 162 | 10 794 |
| Vote 10 - Sport & Recreation | 345 | 1 036 | 1 420 | 1 552 | 1 849 | 1 891 | 2 009 | 2 134 |
| Vote 11 - Public Safety | 56 | 9 332 | 6 966 | 10 121 | 8 326 | 789 | 839 | 892 |
| Vote 12 - Electricity | 30 866 | 34 905 | 40 439 | 42 502 | 48 244 | 49 453 | 53 233 | 56 457 |
| Vote 13 - Waste Management | 13 471 | 14 026 | 16 746 | 18 188 | 23 377 | 31 315 | 33 434 | 35 503 |
| **Total Expenditure by Vote** | **161 163** | **172 668** | **187 749** | **220 145** | **239 960** | **236 264** | **250 563** | **265 946** |
| **Surplus/(Deficit) for the year** | **48 089** | **69 818** | **53 812** | **27 916** | **22 785** | **32 790** | **25 260** | **27 327** |

### Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

**1.** Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

## Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Revenue By Source** | | | | | | | | |
| Property rates | 4 607 | 4 654 | 5 192 | 7 686 | 7 686 | 8 147 | 8 635 | 9 154 |
| Service charges - electricity revenue | 26 745 | 28 097 | 28 246 | 31 942 | 38 875 | 41 712 | 44 215 | 46 868 |
| Service charges - refuse revenue | 2 534 | 2 800 | 5 432 | 3 199 | 8 586 | 9 101 | 9 647 | 10 226 |
| Rental of facilities and equipment | 614 | 756 | 503 | 429 | 90 | 95 | 101 | 107 |
| Interest earned - external investments | 10 512 | 13 913 | 18 021 | 13 780 | 15 000 | 15 000 | 15 600 | 16 224 |
| Interest earned - outstanding debtors | 1 970 | 2 494 | 2 906 | 1 579 | 2 100 | 2 226 | 2 360 | 2 501 |
| Fines, penalties and forfeits | 421 | 324 | 159 | 516 | 54 | 57 | 61 | 64 |
| Licences and permits | 1 301 | 1 085 | 1 131 | 1 532 | 1 056 | 1 119 | 1 186 | 1 258 |
| Agency services | 575 | 1 080 | 1 138 | 795 | 795 | 843 | 893 | 947 |
| Transfers and subsidies | 124 358 | 149 152 | 140 468 | 139 520 | 139 520 | 144 318 | 151 683 | 162 198 |
| Other revenue | 7 981 | 5 594 | 4 681 | 4 924 | 6 825 | 1 586 | 1 681 | 246 |
| Gains on disposal of PPE | – | 504 | – | – | – | – | – | – |
| **Total Revenue (excluding capital transfers and contributions)** | **181 616** | **210 454** | **207 877** | **205 902** | **220 586** | **224 204** | **236 063** | **249 793** |
| **Expenditure By Type** | | | | | | | | |
| Employee related costs | 54 496 | 62 173 | 71 967 | 85 657 | 85 556 | 87 122 | 92 674 | 98 579 |
| Remuneration of councillors | 10 399 | 11 064 | 10 736 | 13 428 | 12 882 | 13 355 | 14 475 | 15 343 |
| Debt impairment | 4 554 | 4 241 | 5 029 | 4 983 | 4 983 | 4 963 | 5 598 | 5 934 |
| Depreciation & asset impairment | 18 368 | 18 352 | 19 678 | 21 016 | 28 506 | 22 290 | 23 627 | 25 045 |
| Finance charges | 1 341 | 2 528 | 2 824 | 2 818 | 2 984 | 3 163 | 3 353 | 3 554 |
| Bulk purchases | 20 079 | 23 771 | 27 745 | 30 103 | 33 331 | 34 506 | 37 451 | 39 698 |
| Other materials | – | – | – | 7 844 | 12 741 | 13 179 | 13 694 | 14 516 |
| Contracted services | – | 19 980 | 22 431 | 23 678 | 27 488 | 28 298 | 28 173 | 29 956 |
| Transfers and subsidies | 480 | – | 210 | – | 300 | 290 | 250 | 250 |
| Other expenditure | 51 181 | 30 270 | 27 070 | 30 618 | 31 189 | 29 097 | 31 269 | 33 072 |
| Loss on disposal of PPE | 264 | 290 | 60 | – | – | – | – | – |
| **Total Expenditure** | **161 163** | **172 668** | **187 749** | **220 145** | **239 960** | **236 264** | **250 563** | **265 946** |
| **Surplus/(Deficit)** | **20 453** | **37 786** | **20 128** | **(14 243)** | **(19 374)** | **(12 060)** | **(14 501)** | **(16 153)** |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 27 636 | 31 956 | 33 684 | 42 159 | 42 159 | 44 850 | 39 761 | 43 481 |
| Transfers and subsidies - capital (in-kind - all) | – | 77 | – | – | – | – | – | – |
| **Surplus/(Deficit) for the year** | **48 089** | **69 818** | **53 812** | **27 916** | **22 785** | **32 790** | **25 260** | **27 327** |

### Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

**1.** Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.

## Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

| Vote Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year | Budget Year +1 | Budget Year +2 |
| **Capital expenditure - Vote** | | | | | | | | |
| **Multi-year expenditure** *to be appropriated* | | | | | | | | |
| Vote 2 - Planning & Development | – | 30 | – | – | – | – | – | – |
| Vote 3 - Corporate Services | – | – | 265 | 7 600 | 6 100 | 4 500 | 7 500 | – |
| Vote 5 - Road Transport | 5 569 | 17 278 | 18 725 | 29 921 | 28 528 | 20 204 | 18 000 | 19 000 |
| Vote 9 - Community & Social Services | – | 11 994 | – | 2 650 | 1 450 | 2 000 | 7 300 | – |
| Vote 10 - Sport & Recreation | – | 1 696 | 8 155 | 500 | 1 394 | – | – | – |
| Vote 11 - Public Safety | – | – | – | 800 | – | – | – | – |
| Vote 12 - Electricity | – | 2 349 | 3 473 | 7 000 | 7 318 | 8 183 | 6 200 | 8 500 |
| Vote 13 - Waste Management | 116 | 502 | 288 | 15 600 | 10 454 | 11 621 | 25 025 | 2 200 |
| **Capital multi-year expenditure sub-total** | **5 685** | **33 849** | **30 907** | **64 071** | **55 244** | **46 508** | **64 025** | **29 700** |
| **Single-year expenditure** *to be appropriated* | | | | | | | | |
| Vote 1 - Executive & Council | 1 696 | 213 | 58 | 1 821 | 1 461 | 935 | – | – |
| Vote 2 - Planning & Development | 814 | 75 | 1 552 | 151 | 117 | 150 | – | 600 |
| Vote 3 - Corporate Services | 8 811 | 1 004 | 336 | 96 | 130 | 1 122 | – | – |
| Vote 4 - Budget & Treasury | 2 158 | 519 | 1 025 | 1 516 | 1 111 | 546 | – | – |
| Vote 5 - Road Transport | 10 541 | 1 195 | 2 224 | 3 096 | 3 505 | 5 360 | 700 | 15 350 |
| Vote 7 - Housing | 306 | – | – | – | – | – | – | – |
| Vote 9 - Community & Social Services | 916 | 201 | 1 945 | – | 1 586 | – | – | 1 244 |
| Vote 10 - Sport & Recreation | 11 616 | – | 43 | 900 | 1 250 | 1 950 | – | – |
| Vote 11 - Public Safety | 38 | 20 | – | 2 700 | 1 183 | 7 632 | – | – |
| Vote 12 - Electricity | 4 094 | 867 | 3 761 | 138 | 255 | 1 884 | – | 2 537 |
| Vote 13 - Waste Management | 400 | 942 | 220 | 5 140 | 865 | 11 480 | 6 400 | 1 600 |
| **Capital single-year expenditure sub-total** | **41 390** | **5 036** | **11 164** | **15 557** | **11 463** | **31 059** | **7 100** | **21 331** |
| **Total Capital Expenditure - Vote** | **47 075** | **38 885** | **42 071** | **79 627** | **66 707** | **77 567** | **71 125** | **51 031** |
| **Capital Expenditure - Functional** | | | | | | | | |
| ***Governance and administration*** | **12 664** | **1 755** | **1 685** | **11 033** | **8 802** | **7 103** | **7 500** | **–** |
| Executive and council | 1 683 | 213 | 54 | 1 781 | 1 441 | 335 | – | – |
| Finance and administration | 10 968 | 1 542 | 1 627 | 9 212 | 7 342 | 6 168 | 7 500 | – |
| Internal audit | 13 | – | 4 | 40 | 20 | 600 | – | – |
| ***Community and public safety*** | **12 876** | **13 911** | **10 376** | **7 550** | **6 863** | **11 582** | **7 300** | **1 244** |
| Community and social services | 916 | 12 195 | 1 945 | 2 650 | 3 036 | 2 000 | 7 300 | 1 244 |
| Sport and recreation | 11 616 | 1 696 | 8 198 | 1 400 | 2 644 | 1 950 | – | – |
| Public safety | 38 | 20 | 234 | 3 500 | 1 183 | 7 632 | – | – |
| Housing | 306 | – | – | – | – | – | – | – |
| ***Economic and environmental services*** | **13 315** | **18 559** | **22 268** | **33 167** | **32 150** | **25 714** | **18 700** | **34 950** |
| Planning and development | 814 | 86 | 1 552 | 151 | 117 | 150 | – | 600 |
| Road transport | 12 500 | 18 473 | 20 715 | 33 016 | 32 033 | 25 564 | 18 700 | 34 350 |
| ***Trading services*** | **8 220** | **4 660** | **7 742** | **27 878** | **18 892** | **33 168** | **37 625** | **14 837** |
| Energy sources | 4 094 | 3 216 | 7 235 | 7 138 | 7 573 | 10 067 | 6 200 | 11 037 |
| Waste water management | 3 610 | – | – | – | – | – | – | – |
| Waste management | 516 | 1 444 | 508 | 20 740 | 11 319 | 23 101 | 31 425 | 3 800 |
| **Total Capital Expenditure - Functional** | **47 075** | **38 885** | **42 071** | **79 627** | **66 707** | **77 567** | **71 125** | **51 031** |
| **Funded by:** | | | | | | | | |
| National Government | 26 443 | 31 996 | 33 684 | 42 159 | 42 159 | 41 850 | 39 761 | 43 481 |
| Provincial Government | – | – | – | – | – | 3 000 | – | – |
| **Transfers recognised - capital** | **26 443** | **31 996** | **33 684** | **42 159** | **42 159** | **44 850** | **39 761** | **43 481** |
| **Internally generated funds** | 20 632 | 6 889 | 8 387 | 37 468 | 24 548 | 32 717 | 31 364 | 7 550 |
| **Total Capital Funding** | **47 075** | **38 885** | **42 071** | **79 627** | **66 707** | **77 567** | **71 125** | **51 031** |

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

**1.** Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

**2.** The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

**3.** Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

**4.** The capital program is funded from National, Provincial and Other grants and transfers, Public Donations and internally generated funds from current and prior year surpluses.

## Table 22 MBRR Table A6 - Budgeted Financial Position

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **ASSETS** | | | | | | | | |
| **Current assets** | | | | | | | | |
| Cash | 183 460 | 903 | 3 805 | 22 149 | 28 100 | 36 753 | 42 362 | 68 346 |
| Call investment deposits | – | 220 015 | 249 364 | 158 961 | 199 491 | 169 567 | 144 132 | 122 512 |
| Consumer debtors | 11 600 | 10 447 | 11 164 | 11 315 | 11 385 | 13 550 | 15 448 | 17 399 |
| Other debtors | 6 366 | 9 526 | 12 630 | 6 366 | 12 630 | 12 630 | 12 630 | 12 630 |
| Inventory | 1 382 | 1 456 | 818 | 990 | 990 | 891 | 802 | 722 |
| **Total current assets** | **202 808** | **242 347** | **277 782** | **199 781** | **252 597** | **233 392** | **215 374** | **221 609** |
| **Non current assets** | | | | | | | | |
| Investment property | 17 024 | 22 201 | 28 312 | 22 201 | 33 541 | 33 541 | 33 541 | 33 541 |
| Property, plant and equipment | 279 611 | 301 977 | 325 748 | 394 162 | 371 363 | 426 143 | 473 751 | 499 853 |
| Intangible | 203 | 220 | 393 | 326 | 457 | 953 | 844 | 728 |
| Other non-current assets | 1 294 | 1 115 | 1 286 | 1 115 | 1 286 | 1 286 | 1 286 | 1 286 |
| **Total non current assets** | **298 131** | **325 512** | **355 738** | **417 804** | **406 645** | **461 923** | **509 421** | **535 407** |
| **TOTAL ASSETS** | **500 939** | **567 859** | **633 519** | **617 585** | **659 242** | **695 315** | **724 795** | **757 017** |
| **LIABILITIES** | | | | | | | | |
| **Current liabilities** | | | | | | | | |
| Borrowing | 809 | 815 | 827 | 841 | 841 | 855 | 870 | 886 |
| Consumer deposits | 1 239 | 1 342 | 1 432 | 1 479 | 1 504 | 1 579 | 1 658 | 1 741 |
| Trade and other payables | 24 645 | 19 473 | 19 226 | 10 610 | 19 090 | 19 131 | 19 512 | 20 081 |
| Provisions | 7 830 | 9 490 | 10 035 | 11 302 | 10 915 | 11 497 | 12 207 | 12 939 |
| **Total current liabilities** | **34 524** | **31 120** | **31 520** | **24 231** | **32 351** | **33 062** | **34 248** | **35 647** |
| **Non current liabilities** | | | | | | | | |
| Borrowing | 12 842 | 12 028 | 11 201 | 10 360 | 10 360 | 9 505 | 8 634 | 7 749 |
| Provisions | 16 747 | 19 164 | 20 684 | 25 181 | 23 633 | 27 060 | 30 964 | 35 345 |
| **Total non current liabilities** | **29 589** | **31 192** | **31 885** | **35 541** | **33 993** | **36 564** | **39 598** | **43 093** |
| **TOTAL LIABILITIES** | **64 113** | **62 312** | **63 405** | **59 772** | **66 344** | **69 627** | **73 846** | **78 741** |
| **NET ASSETS** | **436 826** | **505 547** | **570 114** | **557 813** | **592 898** | **625 688** | **650 949** | **678 276** |
| **COMMUNITY WEALTH/EQUITY** | | | | | | | | |
| Accumulated Surplus/(Deficit) | 420 424 | 485 309 | 542 674 | 386 404 | 359 044 | 398 179 | 431 487 | 448 132 |
| Reserves | 16 402 | 20 239 | 27 440 | 171 409 | 233 854 | 227 510 | 219 462 | 230 144 |
| **TOTAL COMMUNITY WEALTH/EQUITY** | **436 826** | **505 547** | **570 114** | **557 813** | **592 898** | **625 688** | **650 949** | **678 276** |

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits;
   - Consumer debtors;
   - Property, plant and equipment;
   - Trade and other payables;
   - Provisions non-current;
   - Changes in net assets; and
   - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

## Table 23 MBRR Table A7 - Budgeted Cash Flow Statement

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Property rates | 4 044 | 3 605 | 3 871 | 6 660 | 6 917 | 7 199 | 7 639 | 8 105 |
| Service charges | 30 219 | 25 745 | 29 938 | 30 452 | 43 244 | 44 903 | 47 647 | 50 555 |
| Other revenue | – | 8 103 | 6 339 | 8 138 | 5 472 | 3 689 | 3 911 | 2 610 |
| Government - operating | 119 538 | 143 892 | 139 805 | 139 520 | 139 520 | 144 318 | 151 683 | 162 198 |
| Government - capital | 38 902 | 31 599 | 34 892 | 42 159 | 42 159 | 44 850 | 39 761 | 43 481 |
| Interest | 10 512 | 13 913 | 18 021 | 15 149 | 15 000 | 16 967 | 17 687 | 18 439 |
| **Payments** | | | | | | | | |
| Suppliers and employees | (132 126) | (148 947) | (156 700) | (187 795) | (207 143) | (201 411) | (212 650) | (225 401) |
| Finance charges | (1 341) | (1 117) | (1 146) | (2 818) | (2 984) | (3 163) | (3 353) | (3 554) |
| Transfers and Grants | (480) | – | (210) | – | (300) | (290) | (250) | (250) |
| **NET CASH FROM/(USED) OPERATING ACTIVITIES** | **69 269** | **76 794** | **74 809** | **51 465** | **41 885** | **57 062** | **52 074** | **56 182** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Proceeds on disposal of PPE | 316 | 248 | 238 | – | – | – | – | – |
| **Payments** | | | | | | | | |
| Capital assets | (48 443) | (38 885) | (42 071) | (79 627) | (66 707) | (77 567) | (71 125) | (51 031) |
| **NET CASH FROM/(USED) INVESTING ACTIVITIES** | **(48 127)** | **(38 636)** | **(41 833)** | **(79 627)** | **(66 707)** | **(77 567)** | **(71 125)** | **(51 031)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Increase (decrease) in consumer deposits | 120 | 103 | 91 | 70 | 72 | 75 | 79 | 83 |
| **Payments** | | | | | | | | |
| Repayment of borrowing | (792) | (802) | (815) | (827) | (827) | (841) | (855) | (870) |
| **NET CASH FROM/(USED) FINANCING ACTIVITIES** | **(672)** | **(700)** | **(724)** | **(757)** | **(756)** | **(766)** | **(776)** | **(787)** |
| **NET INCREASE/ (DECREASE) IN CASH HELD** | **20 470** | **37 458** | **32 252** | **(28 919)** | **(25 578)** | **(21 271)** | **(19 827)** | **4 365** |
| Cash/cash equivalents at the year begin: | **162 990** | **183 460** | **220 917** | **210 029** | **253 169** | **227 591** | **206 321** | **186 494** |
| Cash/cash equivalents at the year end: | **183 460** | **220 917** | **253 169** | **181 110** | **227 591** | **206 321** | **186 494** | **190 858** |

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

3. The investment in capital infrastructure, which is much higher than the cash generated by operations, is the main reason for the annual decline in cash resources.

## Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Cash and investments available** | | | | | | | | |
| Cash/cash equivalents at the year end | 183 460 | 220 917 | 253 169 | 181 110 | 227 591 | 206 321 | 186 494 | 190 858 |
| **Cash and investments available:** | **183 460** | **220 917** | **253 169** | **181 110** | **227 591** | **206 321** | **186 494** | **190 858** |
| **Application of cash and investments** | | | | | | | | |
| Unspent conditional transfers | 16 762 | 11 144 | 11 688 | – | 9 678 | 9 678 | 9 678 | 9 678 |
| Other working capital requirements | (5 285) | (7 627) | (11 805) | (4 599) | (10 811) | (13 058) | (14 332) | (15 377) |
| Reserves to be backed by cash/investments | – | – | – | 151 171 | 185 414 | 179 070 | 171 022 | 181 704 |
| **Total Application of cash and investments:** | **11 477** | **3 517** | **(117)** | **146 571** | **184 282** | **175 690** | **166 368** | **176 005** |
| **Surplus(shortfall)** | **171 983** | **217 400** | **253 286** | **34 539** | **43 310** | **30 631** | **20 126** | **14 853** |

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.

4. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

## Table 25 MBRR Table A9 - Asset Management

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **CAPITAL EXPENDITURE** | | | | | | | | |
| **Total New Assets** | **47 075** | **38 885** | **29 658** | **55 077** | **52 673** | **58 766** | **51 675** | **38 031** |
| *Roads Infrastructure* | 9 536 | 13 425 | 10 914 | 25 491 | 27 872 | 25 454 | 18 300 | 22 450 |
| *Storm water Infrastructure* | 3 281 | 3 853 | 2 455 | – | – | – | – | – |
| *Electrical Infrastructure* | 2 988 | 2 349 | 3 057 | 7 000 | 7 318 | 8 283 | 6 200 | 11 037 |
| *Solid Waste Infrastructure* | 116 | 502 | 340 | 7 550 | 3 975 | 12 120 | 23 175 | 3 200 |
| **Infrastructure** | ***15 921*** | ***20 129*** | ***16 767*** | ***40 041*** | ***39 165*** | ***45 857*** | ***47 675*** | ***36 687*** |
| Community Facilities | 380 | 12 220 | 1 934 | 4 746 | 3 185 | 7 712 | 4 000 | 1 344 |
| Sport and Recreation Facilities | 11 616 | 1 626 | 7 600 | – | 994 | 250 | – | – |
| **Community Assets** | ***11 996*** | ***13 846*** | ***9 534*** | ***4 746*** | ***4 179*** | ***7 962*** | ***4 000*** | ***1 344*** |
| Operational Buildings | 10 802 | 836 | 499 | 2 850 | 2 600 | 200 | – | – |
| **Other Assets** | ***10 802*** | ***836*** | ***499*** | ***2 850*** | ***2 600*** | ***200*** | **–** | **–** |
| Licences and Rights | – | 85 | – | 161 | 161 | 600 | – | – |
| **Intangible Assets** | **–** | ***85*** | **–** | ***161*** | ***161*** | ***600*** | **–** | **–** |
| **Computer Equipment** | **–** | **383** | **1 390** | **1 209** | **954** | **1 137** | **–** | **–** |
| **Furniture and Office Equipment** | **2 402** | **594** | **329** | **320** | **322** | **110** | **–** | **–** |
| **Machinery and Equipment** | **1 025** | **1 075** | **715** | **3 650** | **3 570** | **1 200** | **–** | **–** |
| **Transport Assets** | **4 929** | **1 937** | **425** | **2 100** | **1 722** | **1 700** | **–** | **–** |
| **Total Renewal of Existing Assets** | **–** | **–** | **12 097** | **11 350** | **5 980** | **8 500** | **10 800** | **1 100** |
| *Roads Infrastructure* | – | – | 6 275 | – | – | – | – | – |
| *Electrical Infrastructure* | – | – | 4 163 | – | – | – | – | – |
| *Solid Waste Infrastructure* | – | – | – | 4 000 | – | – | – | 600 |
| **Infrastructure** | **–** | **–** | ***10 437*** | ***4 000*** | **–** | **–** | **–** | ***600*** |
| Community Facilities | – | – | 1 645 | 2 350 | 2 480 | 2 100 | 3 300 | 500 |
| Sport and Recreation Facilities | – | – | – | – | – | 1 100 | – | – |
| **Community Assets** | **–** | **–** | ***1 645*** | ***2 350*** | ***2 480*** | ***3 200*** | ***3 300*** | ***500*** |
| Operational Buildings | – | – | 14 | 5 000 | 3 500 | 5 300 | 7 500 | – |
| **Other Assets** | **–** | **–** | ***14*** | ***5 000*** | ***3 500*** | ***5 300*** | ***7 500*** | **–** |
| **Total Upgrading of Existing Assets** | **–** | **–** | **316** | **13 200** | **8 054** | **10 301** | **8 650** | **11 900** |
| *Roads Infrastructure* | – | – | – | 3 600 | 550 | – | 400 | 11 900 |
| *Solid Waste Infrastructure* | – | – | – | 9 100 | 7 254 | 10 301 | 8 250 | – |
| **Infrastructure** | **–** | **–** | **–** | ***12 700*** | ***7 804*** | ***10 301*** | ***8 650*** | ***11 900*** |
| Community Facilities | – | – | 316 | – | – | – | – | – |
| **Community Assets** | **–** | **–** | ***316*** | **–** | **–** | **–** | **–** | **–** |
| Operational Buildings | – | – | – | 500 | 250 | – | – | – |
| **Other Assets** | **–** | **–** | **–** | ***500*** | ***250*** | **–** | **–** | **–** |
| **Total Capital Expenditure** | | | | | | | | |
| *Roads Infrastructure* | 9 536 | 13 425 | 17 189 | 29 091 | 28 422 | 25 454 | 18 700 | 34 350 |
| *Storm water Infrastructure* | 3 281 | 3 853 | 2 455 | – | – | – | – | – |
| *Electrical Infrastructure* | 2 988 | 2 349 | 7 220 | 7 000 | 7 318 | 8 283 | 6 200 | 11 037 |
| *Solid Waste Infrastructure* | 116 | 502 | 340 | 20 650 | 11 229 | 22 421 | 31 425 | 3 800 |
| **Infrastructure** | ***15 921*** | ***20 129*** | ***27 204*** | ***56 741*** | ***46 969*** | ***56 158*** | ***56 325*** | ***49 187*** |
| Community Facilities | 380 | 12 220 | 3 896 | 7 096 | 5 665 | 9 812 | 7 300 | 1 844 |
| Sport and Recreation Facilities | 11 616 | 1 626 | 7 600 | – | 994 | 1 350 | – | – |
| **Community Assets** | ***11 996*** | ***13 846*** | ***11 496*** | ***7 096*** | ***6 659*** | ***11 162*** | ***7 300*** | ***1 844*** |
| Operational Buildings | 10 802 | 836 | 513 | 8 350 | 6 350 | 5 500 | 7 500 | – |
| **Other Assets** | ***10 802*** | ***836*** | ***513*** | ***8 350*** | ***6 350*** | ***5 500*** | ***7 500*** | **–** |
| Licences and Rights | – | 85 | – | 161 | 161 | 600 | – | – |
| **Intangible Assets** | **–** | ***85*** | **–** | ***161*** | ***161*** | ***600*** | **–** | **–** |
| **Computer Equipment** | **–** | **383** | **1 390** | **1 209** | **954** | **1 137** | **–** | **–** |
| **Furniture and Office Equipment** | **2 402** | **594** | **329** | **320** | **322** | **110** | **–** | **–** |
| **Machinery and Equipment** | **1 025** | **1 075** | **715** | **3 650** | **3 570** | **1 200** | **–** | **–** |
| **Transport Assets** | **4 929** | **1 937** | **425** | **2 100** | **1 722** | **1 700** | **–** | **–** |
| **TOTAL CAPITAL EXPENDITURE - Asset class** | **47 075** | **38 885** | **42 071** | **79 627** | **66 707** | **77 567** | **71 125** | **51 031** |

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **ASSET REGISTER SUMMARY - PPE (WDV)** | | | | | | | | |
| *Roads Infrastructure* | 92 021 | 95 052 | 102 426 | 125 100 | 120 927 | 135 865 | 143 418 | 165 952 |
| *Storm water Infrastructure* | 35 804 | 39 120 | 40 264 | 36 430 | 38 874 | 37 400 | 35 837 | 34 181 |
| *Electrical Infrastructure* | 11 179 | 12 788 | 19 534 | 26 036 | 26 374 | 34 150 | 39 813 | 50 281 |
| *Solid Waste Infrastructure* | 1 875 | 2 226 | 2 415 | 24 205 | 13 361 | 35 481 | 66 588 | 70 050 |
| **Infrastructure** | ***140 880*** | ***149 186*** | ***164 639*** | ***211 771*** | ***199 535*** | ***242 896*** | ***285 656*** | ***320 465*** |
| Community Facilities | 11 693 | 15 605 | 16 390 | 28 360 | 20 894 | 29 475 | 35 471 | 35 931 |
| Sport and Recreation Facilities | 16 151 | 16 964 | 24 015 | 23 862 | 24 495 | 25 300 | 24 722 | 24 110 |
| **Community Assets** | ***27 844*** | ***32 570*** | ***40 405*** | ***52 222*** | ***45 389*** | ***54 775*** | ***60 193*** | ***60 041*** |
| Revenue Generating | 10 354 | 15 096 | 19 251 | 15 096 | 26 597 | 26 597 | 26 597 | 26 597 |
| Non-revenue Generating | 6 670 | 7 105 | 9 061 | 7 105 | 6 944 | 6 944 | 6 944 | 6 944 |
| **Investment properties** | ***17 024*** | ***22 201*** | ***28 312*** | ***22 201*** | ***33 541*** | ***33 541*** | ***33 541*** | ***33 541*** |
| Operational Buildings | 80 309 | 91 059 | 94 818 | 101 196 | 100 421 | 105 129 | 111 790 | 110 900 |
| **Other Assets** | ***80 309*** | ***91 059*** | ***94 818*** | ***101 196*** | ***100 421*** | ***105 129*** | ***111 790*** | ***110 900*** |
| Licences and Rights | 203 | 220 | 393 | 326 | 457 | 953 | 844 | 728 |
| **Intangible Assets** | ***203*** | ***220*** | ***393*** | ***326*** | ***457*** | ***953*** | ***844*** | ***728*** |
| **Computer Equipment** | **2 250** | **1 985** | **2 539** | **3 509** | **2 780** | **3 163** | **2 363** | **1 515** |
| **Furniture and Office Equipment** | **3 609** | **3 393** | **3 031** | **3 120** | **2 450** | **1 604** | **590** | **315** |
| **Machinery and Equipment** | **15 095** | **14 298** | **12 476** | **14 593** | **13 579** | **12 164** | **9 391** | **5 653** |
| **Transport Assets** | **9 624** | **9 486** | **7 839** | **7 752** | **7 207** | **6 412** | **3 767** | **964** |
| **TOTAL ASSET REGISTER SUMMARY - PPE (WDV)** | **296 838** | **324 398** | **354 452** | **416 690** | **405 360** | **460 637** | **508 135** | **534 121** |
| **EXPENDITURE OTHER ITEMS** | | | | | | | | |
| **Depreciation** | 13 180 | 18 352 | 19 458 | 21 016 | 21 028 | 22 290 | 23 627 | 25 045 |
| **Repairs and Maintenance by Asset Class** | **4 613** | **6 780** | **6 774** | **9 735** | **9 339** | **10 288** | **9 642** | **10 229** |
| *Roads Infrastructure* | 871 | 1 405 | 1 192 | 2 108 | 1 926 | 2 000 | 1 843 | 1 952 |
| *Storm water Infrastructure* | – | 24 | 5 | 21 | 21 | 292 | 24 | 25 |
| *Electrical Infrastructure* | 1 177 | 831 | 782 | 1 612 | 1 193 | 946 | 924 | 990 |
| *Solid Waste Infrastructure* | – | 44 | 177 | 162 | 225 | 238 | 253 | 268 |
| **Infrastructure** | ***2 048*** | ***2 304*** | ***2 156*** | ***3 904*** | ***3 364*** | ***3 477*** | ***3 043*** | ***3 234*** |
| Community Facilities | 444 | 535 | 657 | 1 279 | 1 673 | 1 933 | 1 766 | 1 872 |
| Sport and Recreation Facilities | 36 | 58 | 29 | 35 | 115 | 122 | 129 | 137 |
| **Community Assets** | ***480*** | ***592*** | ***686*** | ***1 313*** | ***1 788*** | ***2 055*** | ***1 895*** | ***2 009*** |
| Operational Buildings | 487 | 685 | 762 | 601 | 581 | 934 | 652 | 692 |
| **Other Assets** | ***487*** | ***685*** | ***762*** | ***601*** | ***581*** | ***934*** | ***652*** | ***692*** |
| **Furniture and Office Equipment** | **6** | **482** | **386** | **463** | **392** | **415** | **440** | **467** |
| **Machinery and Equipment** | **189** | **996** | **168** | **1 252** | **1 203** | **1 275** | **1 351** | **1 432** |
| **Transport Assets** | **1 404** | **1 720** | **2 617** | **2 201** | **2 012** | **2 132** | **2 260** | **2 396** |
| **TOTAL EXPENDITURE OTHER ITEMS** | **17 793** | **25 132** | **26 232** | **30 751** | **30 367** | **32 578** | **33 269** | **35 274** |
| ***Renewal and upgrading of Existing Assets as % of total capex*** | *0.0%* | *0.0%* | *29.5%* | *30.8%* | *21.0%* | *24.2%* | *27.3%* | *25.5%* |
| ***Renewal and upgrading of Existing Assets as % of deprecn*** | *0.0%* | *0.0%* | *63.8%* | *116.8%* | *66.7%* | *84.3%* | *82.3%* | *51.9%* |
| ***R&M as a % of PPE*** | *1.6%* | *2.2%* | *2.1%* | *2.5%* | *2.5%* | *2.4%* | *2.0%* | *2.0%* |
| ***Renewal and upgrading and R&M as a % of PPE*** | *2.0%* | *2.0%* | *5.0%* | *8.0%* | *6.0%* | *6.0%* | *6.0%* | *4.0%* |

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal and upgrade of existing assets, as well as spending on repairs and maintenance by asset class in line with the mSCOA classifications.

2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.

## Table 26 MBRR Table A10 - Basic Service Delivery Measurement

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Household service targets** | | | | | | | | |
| ***Energy:*** | | | | | | | | |
| Electricity (at least min.service level) | – | – | 29 869 | 31 273 | 31 273 | 33 149 | 35 138 | 37 246 |
| Electricity - prepaid (min.service level) | – | – | 986 | 1 032 | 1 032 | 1 094 | 1 160 | 1 230 |
| *Minimum Service Level and Above sub-total* | – | – | 30 855 | 32 305 | 32 305 | 34 243 | 36 298 | 38 476 |
| Other energy sources | – | – | 7 191 | 7 529 | 7 529 | 7 981 | 8 460 | 8 967 |
| *Below Minimum Service Level sub-total* | – | – | 7 191 | 7 529 | 7 529 | 7 981 | 8 460 | 8 967 |
| **Total number of households** | **–** | **–** | **38 046** | **39 834** | **39 834** | **42 224** | **44 758** | **47 443** |
| ***Refuse:*** | | | | | | | | |
| Removed at least once a week | – | – | 5 136 | 5 377 | 5 377 | 5 700 | 6 042 | 6 405 |
| *Minimum Service Level and Above sub-total* | – | – | 5 136 | 5 377 | 5 377 | 5 700 | 6 042 | 6 405 |
| Using communal refuse dump | – | – | 34 289 | 35 901 | 35 901 | 38 055 | 40 338 | 42 758 |
| *Below Minimum Service Level sub-total* | – | – | 34 289 | 35 901 | 35 901 | 38 055 | 40 338 | 42 758 |
| **Total number of households** | **–** | **–** | **39 425** | **41 278** | **41 278** | **43 755** | **46 380** | **49 163** |
| **Cost of Free Basic Services provided - Formal Settlements (R'000)** | | | | | | | | |
| Electricity/other energy (50kwh per **indigent** household per month) | 4 209 | 5 081 | 5 846 | 6 904 | 539 | 571 | 605 | 642 |
| Refuse (removed once a week **for indigent households**) | 4 479 | 4 485 | 3 653 | 5 387 | – | – | – | – |
| **Total cost of FBS provided** | **8 689** | **9 566** | **9 499** | **12 290** | **539** | **571** | **605** | **642** |
| **Highest level of free service provided per household** | | | | | | | | |
| Property rates (R value threshold) | 60 000 | 60 000 | 60 000 | 60 000 | 60 000 | 60 000 | 60 000 | 60 000 |
| Electricity (kwh per household per month) | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Refuse (average litres per week) | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 |
| **Revenue cost of subsidised services provided (R'000)** | | | | | | | | |
| Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)** | 1 436 | 1 620 | 1 747 | 1 928 | 1 928 | 2 044 | 2 166 | 2 296 |
| **Total revenue cost of subsidised services provided** | **1 436** | **1 620** | **1 747** | **1 928** | **1 928** | **2 044** | **2 166** | **2 296** |

# Part 2 – Supporting Documentation

## 1.8 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

### 1.8.1 IDP and Service Delivery and Budget Implementation Plan

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2017) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2017.

Key dates applicable to the process were:

## Table 27 IDP and Service Delivery and Budget Implementation Plan

| Time Frames | Mayor and Council | Administration - Municipality |
|---|---|---|
| **July 2017** | Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process MFMA s 53<br><br>IDP & Budget Steering Committee Meeting to discuss draft IDP & Budget process plan<br><br>**24 July 2017**<br><br>Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP (as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year **28 July 2017.**<br><br>MFMA s 21,22, 23;<br><br>MSA s 34, Ch 4 as amended | Accounting officers and senior officials of municipality begin planning for next three-year budget<br><br>MFMA s 68, 77 |
| **August – November 2017** | Advertise IDP & Budget review deadlines<br><br>**4 August 2017**<br><br>IDP Representative & Public Participation Forum to discuss process plan and review analysis **22 August 2017**<br><br>Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans **August– November 2017**<br><br>ExCo outreach **5 September – 20 October 2017** | Budget offices of municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives<br><br>Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)<br><br>Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials<br><br>MFMA s 35, 36, 42; MTBPS |

| Time Frames | Mayor and Council | Administration - Municipality |
|---|---|---|
| | IDP Representative & Public Participation Forum to discuss and finalise outreach issues **7 November 2017**<br><br>Departmental sessions to discuss issues raised in outreach and draft objectives, strategies and project proposals **14- 18 November 2017**<br><br>IDP & Budget Steering Committee to discuss departmental issues and develop draft objectives, strategies and project proposals **30 November 2017** | Accounting officer reviews and drafts initial changes to IDP<br><br>MSA s 34 |
| **December 2017** | Council finalises tariff (rates and service charges) policies for next financial year<br><br>MSA s 74, 75 | Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous year's performance as per audited financial statements by **21 December 2017** |
| **January 2018** | | Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January)<br><br>MFMA s 36 |
| **February 2018** | IGR Meeting to discuss project proposals and budgets with sector departments **20 February 2018**<br><br>Municipal strategic session **5 -8 February 2018**<br><br>IDP and Budget Steering Committee **27 February 2018** | Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report<br><br>Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year<br><br>MFMA s 37(2) |

| Time Frames | Mayor and Council | Administration - Municipality |
|---|---|---|
| **March 2018** | IDP Rep & Public participation Forum to discus draft IDP **6 March 2018**<br><br>IDP & Budget Steering Committee meeting<br><br>to develop draft high level SDBIP **16 March 20**<br><br>Mayor tables municipality budget, resolutions,<br><br>plans, and proposed revisions to IDP at least<br><br>90 days before start of budget year<br><br>MFMA s 16, 22, 23, 87; MSA s 34<br><br>**30 March 2018** | Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March<br><br>MFMA s 42 |
| **April – May 2018** | Directors to meet with departments and draft departmental SDBIP's **2-13 April 2018**<br><br>Public hearings on the budget **6 April to 4 May 2018**, and council debate. Council considers views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration MFMA s 23, 24; MSA Ch 4 as amended<br><br>IDP & Budget Steering committee meetings to discuss SDBIP and budget submissions **11 May 2018**<br><br>IDP Representative & Public Participation Forum to discuss draft PMS targets **15 May 2018** | Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed MFMA s 22 & 37; MSA Ch 4 as amended<br><br>Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year<br><br>Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature<br><br>Accounting officers of Municipality publishes adopted budget and plans **4 June 2018**<br><br>MFMA s 75, 87 |

| Time Frames | Mayor and Council | Administration - Municipality |
|---|---|---|
| | Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc<br><br>**MFMA s 21**<br><br>Council to consider approval of budget and plans at least 30 days before start of budget year, **25 May 2018.**<br><br>MFMA s 23, 24; MSA Ch 4 as amended<br><br>Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year **25 May 2018**<br><br>MFMA s 16, 24, 26, 53<br><br>IDP submitted to Mec of Local Government **4 June 2018** | |
| **June 2018** | Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA **22 June 2018**. | Accounting officer submits to the Mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA (**8 June 2018**).<br><br>MFMA s 69; MSA s 57 |

| Time Frames | Mayor and Council | Administration - Municipality |
|---|---|---|
| | Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The Mayor submits the approved SDBIP and performance agreements to Council **29 June 2018**, MEC for local government and makes public within 14 days after approval **9 July 2018**.<br><br>MFMA s 53; MSA s 38-45, 57(2)<br><br>Council must finalise a system of delegations.<br><br>MFMA s 59, 79, 82; MSA s 59-65 | |
| | | |

Abbreviations: **IDP** - Integrated Development Plan; **MFMA** - Local Government: Municipal Finance Management Act, No. 56 of 2003; **MSA -** Local Government: Municipal Systems Act, No. 32 of 2000, as amended; **MTBPS** - National Treasury annual publication, Medium Term Budget and Policy Statement; **NT** - National Treasury; **PT** - Provincial Treasuries; **SDBIP** - Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2018/19 MTREF, based on the approved 2017/18 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

### 1.8.2 Community Consultation

A full consultation process was carried out during April 2018. During this process members of the community were given the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs were reviewed and where viable the proposed changes were incorporated into the final budget to be approved by Council at the end of May 2018.

## 1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The 2018/19 MTREF has therefore been directly informed by the IDP process and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

## Table 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

| Strategic Objective | Goal | Goal Code | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|
| R thousand | | | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| To ensure that the traffic section operates effectively and efficiently | TRAFFIC | BSD01 | 2 170 | 2 301 | 2 439 | 2 228 |
| To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water | ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE | BSD02 | 38 697 | 41 665 | 36 562 | 38 482 |
| To ensure effective management and maintenance of indoor recreational community facilities | INDOOR RECREATIONAL COMMUNITY FACILITIES | BSD03 | 82 | 87 | 93 | 98 |
| To ensure effective management, construction and maintenance of cemeteries and pauper burials | CEMETRIES AND PAUPER BURIAL | BSD04 | 37 | 39 | 42 | 44 |
| To provide library services to all residents | LIBRARIES | BSD06 | 1 504 | 1 504 | 1 505 | 1 505 |
| To maintain and control the municipal commonage / To maintain and effectively operate the pounds | LICENSING AND CONTROL OF ANIMALS | BSD08 | 81 | 86 | 91 | 97 |
| To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste | WASTE MANAGEMENT | BSD09 | 35 201 | 36 452 | 39 042 | 40 655 |
| That all registered indigent households receive free basic electricity and refuse removal | FREE BASIC SERVICES | BSD10 | (1 928) | (2 044) | (2 166) | (2 296) |
| To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council. | ELECTRICITY AND STREET LIGHTING | BSD11 | 70 205 | 74 745 | 76 490 | 83 030 |
| To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report / To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan | OVERSIGHT | GGPP03 | 6 675 | 7 015 | 7 362 | 7 711 |
| To promote interactive communication with customers around service delivery issues / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc | CUSTOMER CARE & PUBLIC PARTICIPATION | GGPP04 | 80 | 85 | 90 | – |

| Strategic Objective | Goal | Goal Code | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|
| R thousand | | | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP | FINANCIAL MANAGEMENT | MFMV03 | 102 569 | 105 139 | 112 253 | 119 595 |
| To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements | BUDGET COMPILATION | MFMV05 | 16 | 17 | 18 | 15 |
| To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems | RERUITMENT,SELECTION AND EMPLOYEE MANAGEMENT | MTID03 | 100 | – | – | – |
| To ensure that municipal buildings and assets are maintained and secured/To provide office space and parking by building new offices and renovating existing buildings | BUILDINGS | MTID09 | 9 | 10 | 10 | 11 |
| To ensure that Municipal information is kept secure and filed and archived according to legislation | RECORDS MANAGEMENT | MTID10 | 5 238 | 10 | 10 | 11 |
| To ensure that a system of departmental and individual performance management system is implemented | PERFORMANCE MANAGEMENT AND REPORTING | MTID11 | – | – | – | – |
| To develop a new SDF and implement SPLUMA regulations / To ensure adherence to town planning and building control legislation /To manage urbanisation of existing urban areas | SPATIAL PLANNING | MTID12 | 53 | 56 | 60 | 63 |
| To ensure capital Infrastructure management and reporting | PMU REPORTING | MTID14 | 1 956 | 1 888 | 1 924 | 2 025 |
| **Total Revenue (excluding capital transfers and contributions)** | | | **262 745** | **269 054** | **275 823** | **293 274** |

## Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

| Strategic Objective | Goal | Goal Code | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|
| R thousand | | | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| To ensure that the traffic section operates effectively and efficiently | TRAFFIC | BSD01 | 5 133 | 5 174 | 5 160 | 5 493 |
| To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water | ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE | BSD02 | 23 993 | 25 196 | 26 170 | 27 766 |
| To ensure effective management and maintenance of indoor recreational community facilities | INDOOR RECREATIONAL COMMUNITY FACILITIES | BSD03 | 4 841 | 5 119 | 5 154 | 5 475 |
| To ensure effective management, construction and maintenance of cemeteries and pauper burials | CEMETRIES AND PAUPER BURIAL | BSD04 | 2 015 | 2 095 | 2 224 | 2 360 |
| To construct, maintain, identify, establish and upgrade existing urban sportsfields | SPORTS | BSD05 | 1 651 | 1 690 | 1 796 | 1 907 |
| To provide library services to all residents | LIBRARIES | BSD06 | 1 873 | 1 882 | 2 001 | 2 127 |
| To create a healthy and sustainable environment by maintaining and developing public open spaces | PARKS AND PUBLIC OPEN SPACES | BSD07 | 349 | 350 | 373 | 396 |
| To maintain and control the municipal commonage / To maintain and effectively operate the pounds | LICENSING AND CONTROL OF ANIMAL | BSD08 | 1 759 | 1 564 | 1 663 | 1 769 |
| To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste | WASTE MANAGEMENT | BSD09 | 22 482 | 22 759 | 24 346 | 25 870 |
| That all registered indigent households receive free basic electricity and refuse removal | FREE BASIC SERVICES | BSD10 | 12 347 | 13 070 | 13 873 | 14 705 |
| To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council. | ELECTRICITY AND STREET LIGHTING | BSD11 | 39 589 | 40 473 | 43 715 | 46 367 |
| To promote and instil good governance practices within Senqu municipality | RISK & FRAUD PREVENTION | GGPP01 | 1 138 | 1 397 | 1 219 | 1 296 |
| To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report / To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan | OVERSIGHT | GGPP03 | 30 021 | 30 625 | 32 425 | 34 435 |
| To promote interactive communication with customers around service delivery issues / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc | CUSTOMER CARE & PUBLIC PARTICIPATION | GGPP04 | 6 478 | 5 791 | 6 132 | 6 495 |
| To promote the mainstreaming and upliftment of HIV and AIDS, women and children, youth, people with disabilities and the elderly into municipal Socio-Economic Programmes and Projects | MAINSTREAMING | GGPP05 | 635 | 715 | 758 | 803 |

| Strategic Objective | Goal | Goal Code | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|
| R thousand | | | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| To promote responsible tourism and arts and heritage through continued support to local iniatives | TOURISM | LED01 | 1 177 | 1 204 | 1 236 | 1 312 |
| To promote and attract development in the local economy through implementation of the LED strategy | LOCAL ECONOMIC DEVELOPMENT | LED02 | 6 958 | 7 344 | 7 686 | 8 154 |
| To ensure the efficient and effective procurement of goods and services | SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING) | MFMV01 | 3 121 | 3 815 | 4 109 | 4 367 |
| To ensure monitoring of Municipal Assets per Department through regular asset checks and reporting | ASSET MANAGEMENT | MFMV02 | 1 470 | 1 458 | 1 550 | 1 648 |
| To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP | FINANCIAL MANAGEMENT | MFMV03 | 13 072 | 12 105 | 14 205 | 15 092 |
| To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements | BUDGET COMPILATION | MFMV05 | 6 832 | 6 740 | 7 346 | 7 691 |
| To develop and submit S 71 reports as per MFMA guidelines and prescripts | REPORTING | MFMV06 | 1 810 | 1 751 | 1 978 | 2 100 |
| To ensure an continually secure, effective and efficient ICT service through implementation of ICT policies and plans and upgrading of ICT equipment | IT | MFMV07 | 3 714 | 3 864 | 4 120 | 4 374 |
| To develop and implement an effective HR strategy / To develop, adopt and implement the workplace skills plan (WSDP) / To submit the skills plan and annual training report as legislated | SKILLS DEVELOPMENT | MTID01 | 2 837 | 2 188 | 2 319 | 2 458 |
| To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems | RERUITMENT,SELECTION AND EMPLOYEE MANAGEMENT | MTID03 | 4 914 | 6 058 | 6 363 | 6 687 |
| To ensure the physical and mental well-being of employees through the implementation of an employee wellness programme | EMPLOYEE WELLNESS PROGRAMME | MTID04 | 615 | 575 | 609 | 646 |
| To ensure that all Senqu buildings and staff adhere to and implement OHS legislation | OCCUPATIONAL HEALTH AND SAFETY | MTID05 | 77 | 82 | 87 | 92 |
| To ensure that the Municipality implements sound management controls in order to mitigate against unnecessary litigation | LEGAL SERVICES | MTID07 | 4 460 | 3 137 | 3 377 | 3 720 |
| To review and implement departmental policies, procedures, procedure manuals and bylaws annually | POLICIES AND BY-LAWS | MTID08 | 874 | 926 | – | – |
| To ensure that municipal buildings and assets are maintained and secured | BUILDINGS | MTID09 | 9 703 | 6 001 | 6 031 | 6 401 |
| To ensure that Municipal information is kept secure and filed and archived according to legislation | RECORDS MANAGEMENT | MTID10 | 11 094 | 7 986 | 8 538 | 9 067 |
| To ensure that a system of departmental and individual performance management system is implemented | PERFORMANCE MANAGEMENT AND REPORTING | MTID11 | 7 352 | 6 781 | 7 726 | 8 207 |
| To develop a new SDF and implement SPLUMA regulations / To ensure adherence to town planning and building control legislation / To manage urbanisation of existing urban areas | SPATIAL PLANNING | MTID12 | 3 181 | 3 101 | 3 088 | 3 279 |
| To ensure capital infrastructure management and reporting | PMU REPORTING | MTID14 | 2 395 | 3 250 | 3 187 | 3 386 |
| **Total Expenditure** | | | **239 960** | **236 264** | **250 563** | **265 946** |

## Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

| Strategic Objective | Goal | Goal Code | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|
| R thousand | | | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| To ensure that the traffic section operates effectively and efficiently | TRAFFIC | BSD01 | 40 | 80 | – | – |
| To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water | ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE | BSD02 | 31 993 | 25 484 | 18 700 | 34 350 |
| To ensure effective management and maintenance of indoor recreational community facilities | INDOOR RECREATIONAL COMMUNITY FACILITIES | BSD03 | 2 336 | 1 500 | 3 300 | 500 |
| To ensure effective management, construction and maintenance of cemeteries and pauper burials | CEMETRIES AND PAUPER BURIAL | BSD04 | 700 | 500 | 4 000 | 744 |
| To construct, maintain, identify, establish and upgrade existing urban sportsfields | SPORTS | BSD05 | 994 | 1 350 | – | – |
| To create a healthy and sustainable environment by maintaining and developing public open spaces | PARKS AND PUBLIC OPEN SPACES | BSD07 | 1 650 | 600 | – | – |
| To maintain and control the municipal commonage / To maintain and effectively operate the pounds | LICENSING AND CONTROL OF ANIMAL | BSD08 | 980 | 7 632 | – | – |
| To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste | WASTE MANAGEMENT | BSD09 | 11 522 | 23 101 | 31 425 | 3 800 |
| To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council. | ELECTRICITY AND STREET LIGHTING | BSD11 | 7 573 | 10 067 | 6 200 | 11 037 |
| To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report / To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan | OVERSIGHT | GGPP03 | 1 461 | 935 | – | – |
| To promote interactive communication with customers around service delivery issues / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc | CUSTOMER CARE & PUBLIC PARTICIPATION | GGPP04 | – | 34 | – | – |
| To promote and attract development in the local economy through implementation of the LED strategy | LOCAL ECONOMIC DEVELOPMENT | LED02 | 16 | – | – | 600 |

| Strategic Objective | Goal | Goal Code | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|
| R thousand | | | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| To ensure the efficient and effective procurement of goods and services | SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING) | MFMV01 | 250 | – | – | – |
| To annually assess and report on the % of the budget spent on implementing its WSP and financial viability as expressed by the following ratios: / To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP / To expand and protect the municipal revenue base by providing accurate bills for services rendered | FINANCIAL MANAGEMENT | MFMV03 | 14 | 60 | – | – |
| To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements | BUDGET COMPILATION | MFMV05 | 486 | 186 | – | – |
| To ensure an continually secure, effective and efficient ICT service through implementation of ICT policies and plans and upgrading of ICT equipment | IT | MFMV07 | 361 | 300 | – | – |
| To ensure that the Municipality implements sound management controls in order to mitigate against unnecessary litigation | LEGAL SERVICES | MTID07 | – | 40 | – | – |
| To ensure that municipal buildings and assets are maintained and secured | BUILDINGS | MTID09 | 6 130 | 5 500 | 7 500 | – |
| To ensure that Municipal information is kept secure and filed and archived according to legislation | RECORDS MANAGEMENT | MTID10 | 100 | 48 | – | – |
| To ensure that a system of departmental and individual performance management system in implemented | PERFORMANCE MANAGEMENT AND REPORTING | MTID11 | 101 | 100 | – | – |
| To ensure capital infrastructure management and reporting | PMU REPORTING | MTID14 | – | 50 | – | – |
| **Total Capital Expenditure** | | | **66 707** | **77 567** | **71 125** | **51 031** |

## Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

## Table 31 MBRR Table SA7 - Measurable performance objectives

| Description | Unit of measurement | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|
| | | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Vote 2 - Planning & Development** | | | | | |
| **Function 1 - Community** | | | | | |
| **Sub-function 1 - Other** | | | | | |
| *Hawker Stalls* | Completion of project | – | – | – | 600 |
| | | | | | |
| **Vote 3 - Corporate Services** | | | | | |
| **Function 1 - Buildings** | | | | | |
| **Sub-function 1 - Other Buildings** | | | | | |
| *Office Renovations* | Completion of project | 3 500 | 4 500 | 7 500 | – |
| *Parking bay* | Completion of project | 2 600 | – | – | – |
| *Renovations Mayoral Residence* | Completion of project | – | 800 | – | – |
| | | | | | |
| **Vote5 - Road Transport** | | | | | |
| **Function 1 - Roads** | | | | | |
| **Sub-function 1 - Acces Roads** | | | | | |
| *Construction of 6 km Access Roads with Storm Water control W1* | Completion of project to the specification of the engineers | – | 4 800 | – | – |
| *Construction of 6 km Access Roads with Storm Water control W2* | Completion of project to the specification of the engineers | – | 550 | 4 600 | – |
| *Construction of 6 km Access Roads with Storm Water control W3* | Completion of project to the specification of the engineers | – | – | 500 | 6 000 |
| *Construction of 6 km Access Roads with Storm Water control W4* | Completion of project to the specification of the engineers | – | – | – | 550 |
| *Construction of 6 km Access Roads with Storm Water control W7* | Completion of project to the specification of the engineers | – | 700 | 3 000 | – |
| | | | | | |
| **Sub-function 2 - Surfaced Roads** | | | | | |
| *Herschel Paved Roads* | Completion of project to the specification of the engineers | 11 449 | – | – | – |
| *Tienbank Paved Roads* | Completion of project to the specification of the engineers | 11 121 | – | – | – |
| *Roads between Esilindini and Frans* | Completion of project to the specification of the engineers | 1 000 | 4 600 | – | – |
| *New Rest Construction - Paving* | Completion of project to the specification of the engineers | – | – | 400 | 11 900 |
| *Barkly East Pavements* | Completion of project to the specification of the engineers | – | 3 500 | – | – |
| *Grey (Kwezi, Steve & Transwilger)* | Completion of project to the specification of the engineers | – | – | 700 | 15 350 |
| *Thaba Lesoba – Marallaneng –Trusting* | Completion of project to the specification of the engineers | – | – | – | 550 |
| *Boysi Nondala Paved Roads* | Completion of project to the specification of the engineers | 550 | 9 354 | 9 500 | – |
| | | | | | |
| **Function 2 - Bridges** | | | | | |
| **Sub-function 1 - Bridges** | | | | | |
| *Bridge Ward 5* | Completion of project to the specification of the engineers | 3 866 | – | – | – |
| | | | | | |
| **Vote9 - Community & Social Services** | | | | | |
| **Function 1 - Community Halls** | | | | | |
| **Sub-function 1 - Buildings** | | | | | |
| *Community Hall - Ward 9* | Completion of the hall to specifications | 1 585 | – | – | – |
| *Renovations (Barkly East Town Hall)* | Renovation of the hall to specifications | 750 | 1 500 | 3 300 | – |
| *Renovations Fairview Community Hall* | Renovation of the hall to specifications | – | – | – | 500 |
| | | | | | |

| Description | Unit of measurement | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|
| | | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Function 2 - Cemetries** | | | | | |
| **Sub-function 1 - Cemetries** | | | | | |
| *Construction of New Cemetery in Barkly East* | Completion of project to the specification of the engineers | 700 | 500 | 4 000 | – |
| *Naledi, Herschel, Zava, Thabakoloi, Nkopane, Khiba* | Completion of project to the specification of the engineers | – | – | – | 744 |
| | | | | | |
| **Vote10 - Sport & Recreation** | | | | | |
| **Function 1 - Sport Facilities** | | | | | |
| **Sub-function 1 - Sport Facilities** | | | | | |
| *Naledi Sport Field - Ward 2* | Fully functional sport facilities | 709 | – | – | – |
| *Kwa-Gcina Sport Field - Ward 13* | Fully functional sport facilities | 285 | – | – | – |
| *Kwezi Naledi Sportsfields Fence* | Fully functional sport facilities | – | 1 100 | – | – |
| | | | | | |
| **Function 2 - Parks and Gardens** | | | | | |
| **Sub-function 1 - Parks and Gardens** | | | | | |
| *Establishment of Park (Lady Grey)* | Completion of project to the specification of the engineers | 400 | – | – | – |
| *Renovations Kwezi Naledi Node* | Completion of project to the specification of the engineers | 1 250 | – | – | – |
| | | | | | |
| **Vote11 - Public Safety** | | | | | |
| **Function 1 - Public Safety** | | | | | |
| **Sub-function 1 - Pounds** | | | | | |
| *Construction of Lady Grey Animal Pound* | Fully functional animal pound | 500 | 7 212 | – | – |
| | | | | | |
| **Vote12 - Electricity** | | | | | |
| **Function 1 - Electricity distribution** | | | | | |
| **Sub-function 1 - Infrastructure** | | | | | |
| *Pre-Paid Electricity Meters* | Completion of project to the specification of the engineers | 2 318 | 2 200 | 3 000 | 3 500 |
| *DOE Projects - Pre Engineering Costs - Rural Connections* | Completion of project to the specification of the engineers | 5 000 | 5 983 | 3 200 | 5 000 |
| | | | | | |
| **Function 2 - Street Lighting** | | | | | |
| **Sub-function 1 - Street Lighting** | | | | | |
| *Erection & supply of Christmas Lighting (Lady Grey, Barkly East, Sterkspruit & Herschel)* | Completion of project to the specification of the engineers | – | – | – | 2 000 |
| | | | | | |
| **Vote13 - Waste Management** | | | | | |
| **Function 1 - Refuse** | | | | | |
| **Sub-function 1 - Waste sites Infrastructure** | | | | | |
| *Solid Waste Site - Sterkspruit* | Completion of project to satisfy specifications of the engineers | – | 1 320 | 10 675 | 2 200 |
| *Solid Waste Site - Herschel* | Completion of project to satisfy specifications of the engineers | 90 | 5 500 | 3 100 | – |
| *Solid Waste Site - Rossouw* | Completion of project to satisfy specifications of the engineers | 90 | 3 800 | 2 400 | – |
| *Solid Waste Site - Rhodes* | Completion of project to satisfy specifications of the engineers | 90 | 1 500 | 4 000 | 1 000 |
| *Upgrade BE Solid Waste Site* | Completion of project to satisfy specifications of the engineers | 3 627 | 5 500 | 8 250 | – |
| *Upgrade LG Solid Waste Site* | Completion of project to satisfy specifications of the engineers | 3 627 | 4 801 | – | – |
| *Old Sterkspruit SWS Compliance & Rehabilitation Construction* | Completion of project to satisfy specifications of the engineers | 3 200 | – | 3 000 | – |

The following table sets out the municipalities main performance objectives and benchmarks for the 2018/19 MTREF. (Derived from the National Treasury formats)

### Table 32 MBRR Table SA8 - Performance indicators and benchmarks

| Description of financial indicator | Basis of calculation | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|
| | | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Borrowing Management** | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 1.6% | 1.7% | 1.7% | 1.7% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 4.7% | 5.0% | 5.0% | 5.1% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure excl. transfers and grants and contributions | 0.0% | 0.0% | 0.0% | 0.0% |
| **Safety of Capital** | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 4.4% | 4.2% | 3.9% | 3.4% |
| **Liquidity** | | | | | |
| Current Ratio | Current assets/current liabilities | 7.8 | 7.1 | 6.3 | 6.2 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 7.8 | 7.1 | 6.3 | 6.2 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 7.0 | 6.2 | 5.4 | 5.4 |
| **Revenue Management** | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | 91.0% | 91.0% | 88.4% | 88.5% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | 91.0% | 88.4% | 88.5% | 88.5% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 10.9% | 11.7% | 11.9% | 12.0% |
| **Creditors Management** | | | | | |
| Creditors to Cash and Investments | | 4.1% | 4.6% | 5.3% | 5.5% |
| **Other Indicators** | | | | | |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 38.8% | 38.9% | 39.3% | 39.5% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 44.6% | 44.8% | 45.4% | 45.6% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 4.2% | 4.6% | 4.1% | 4.1% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 14.3% | 11.4% | 11.4% | 11.4% |
| **IDP regulation financial viability indicators** | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 4.2 | 4.3 | 4.4 | 4.5 |
| ii.O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 43.5% | 44.3% | 44.9% | 45.3% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | 14.8 | 13.2 | 11.2 | 10.8 |

**Performance indicators and benchmarks**

*1.9.1.1 Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Senqu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2018/19 MTREF:

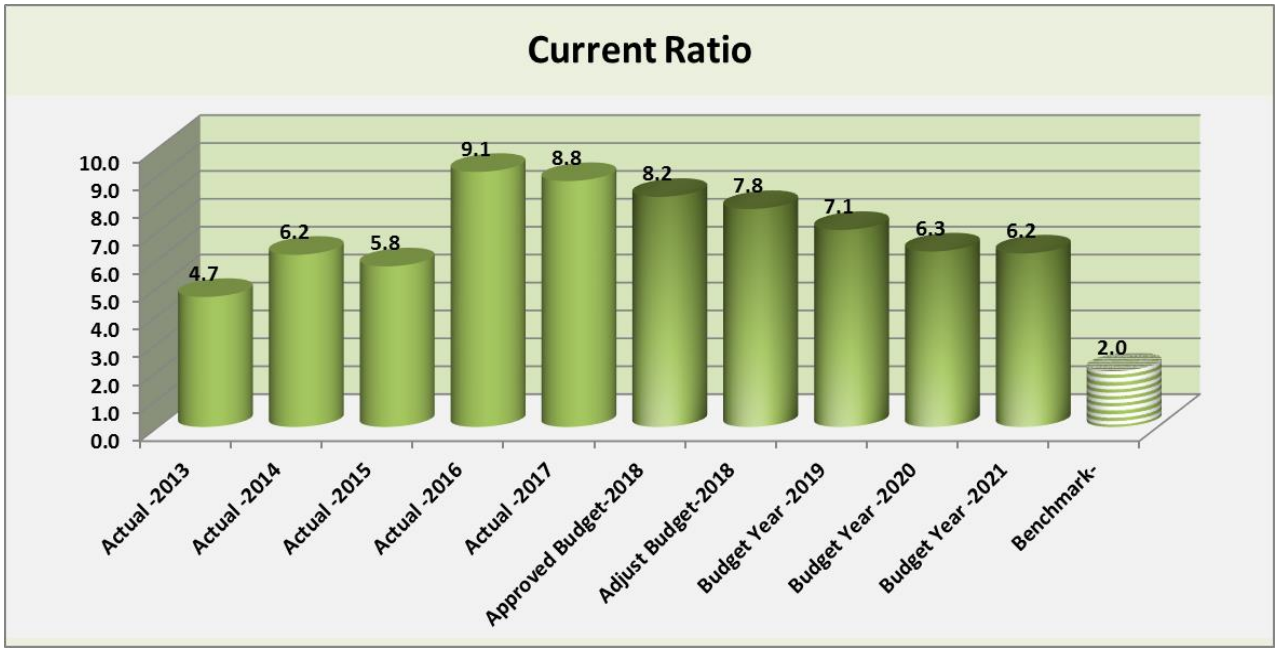
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has fluctuated around 1,7 per cent in over the MTREF.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

*1.9.1.2 Safety of Capital*

*The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

*1.9.1.3 Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2. This ratio is above this norm set for the entire MTREF as depicted below. There are however a decline as a result of the declining cash resources at the Senqu Municipality.



- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2018/19 financial year the ratio is 6,2 and this ratio is projected to decline to 5,4 in 2020/21. Although these ratios are still considered to be healthy, the municipality should put in place measures to stem the downward trend in the liquidity ratio.

#### *1.9.1.4 Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Payment levels and credit control is considered to be favorable.

#### *1.9.1.5 Creditors Management*

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

#### *1.9.1.6 Other Indicators*

- Employee costs as a percentage of operating revenue increase slightly over the MTREF from 38,9 per cent to 39,5 per cent. As discussed previously in this report, the employee related costs at the municipality is slightly above the benchmarks set in the Western Cape and the room for any upward adjustments are very restricted.

- Repairs and maintenance as percentage of operating revenue is decreasing slightly over the MTREF. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

## 1.10 Overview of budget related-policies and municipal by-laws

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies as well as by-laws. As per section 21 of the MFMA, all budget related policies were reviewed and in certain cases amended. Municipal by-laws were also reviewed during the year, but no amendments were made.

A list of all budget related policies can be seen below:

| **Policy Name** | **Date Reviewed** | **Amendments Made** |
|---|---|---|
| Asset Management and Insurance Policy | March 2018 | Yes |
| Borrowing & Funding & Reserves Policy | March 2018 | No |
| Cash Management Banking Investment Policy | March 2018 | No |
| Credit Control & Debt Collection Policy | March 2018 | No |
| Free Basic Services & Indigent Subsidy Support Policy | March 2018 | Yes |
| Property Rates & Valuation Policy | March 2018 | No |
| Supply Chain Management Policy | March 2018 | Yes |
| Tariff & Services Policy | March 2018 | No |
| Virement Policy | March 2018 | No |
| Cost Containment Policy | March 2018 | New Policy |
| Liquidity Policy | March 2018 | New Policy |

### 1.10.1 Challenges

Potential Service Delivery inefficiencies may result if proposed amendments are not adopted.

### 1.10.2 Financial Implications

Potential Financial losses may occur if policies are not amended due to inefficiencies left unaddressed.

### 1.10.3 Legal Implications

To comply with Section 21 (1) (b) (ii) of the Municipal Finance Management Act 56 of 2003

### 1.10.4 Recommendations

That the Committee Members take note of the Reviewal of all the Budget Related Policies and that the amendments be adopted with the approval of the 2018/19 MTREF.

## 1.11 Overview of budget assumptions

### 1.11.1 External factors

The local economy is beginning to recover after a short recession in early 2017 however the improvement is insufficient. Growth has remained stagnant at less than 2 per cent and unemployment remains high at 26.7 per cent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation.

The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

### 1.11.2 General inflation outlook and its impact on the municipal activities

The inflation outlook for South Africa is indicated below and has been taken into consideration in the compilation of the 2018/19 MTREF.

**Table 1: Macroeconomic performance and projections, 2017 - 2020**

| Fiscal year | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|---|---|---|---|---|
| | Estimate | Forecast | | |
| Consumer Price Inflation (CPI) | 5.3% | 5.3% | 5.4% | 5.5% |
| Real GDP growth | 1.0% | 1.5% | 1.8% | 2.1% |

### 1.11.3 Credit rating outlook

South Africa's credit rating outlook was revised to stable from negative. The recovery of the country's institutions will, if sustained, gradually support a corresponding recovery in its economy, along with a stabilization of fiscal strength.

**Interest rates for borrowing and investment of funds**

The expectation of the South African Reserve Bank (SARB) cutting interest rates in the coming months seems more likely after its recent decision to leave its benchmark repo rate unchanged at 6.75%.

In order to counter inflation, excessive growth of the available funds (money) must be prevented. To this end the commercial banks must keep interest rates at a level which prevents an excessive growth in bank lending. In order to achieve this the central bank sets the level of the repo (repurchase) rate, thereby influencing the interest rates that banks pass on to their customers for products such as mortgages, business and personal loans and savings.

### 1.11.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (90 per cent) of annual billings. Cash flow is assumed to be 90 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### 1.11.5 Growth or decline in tax base of the municipality

VAT will increase from 14 per cent to 15 per cent from April 2018. It is a tax increase as result of tax legislation that municipalities must implement and not an increase of tariffs by the municipalities.

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### 1.11.6 Salary increases

The Salary and Wage Collective Agreement for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, a conservative approach of the average CPI + 1 per cent were followed over the MTREF.

The previous years were:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

### 1.11.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### 1.11.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2018/19 MTREF of which performance has been factored into the cash flow budget.

## 1.12 Overview of budget funding

### 1.12.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

**Table 33 Operating revenue over medium-term**

| Description | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Adjusted Budget | % | Budget Year 2018/19 | % | Budget Year 2019/20 | % | Budget Year 2020/21 | % |
| **Revenue By Source** | | | | | | | | |
| Property rates | 7 686 | 3.5% | 8 147 | 3.6% | 8 635 | 3.7% | 9 154 | 3.7% |
| Service charges - electricity revenue | 38 875 | 17.6% | 41 712 | 18.6% | 44 215 | 18.7% | 46 868 | 18.8% |
| Service charges - refuse revenue | 8 586 | 3.9% | 9 101 | 4.1% | 9 647 | 4.1% | 10 226 | 4.1% |
| Rental of facilities and equipment | 90 | 0.0% | 95 | 0.0% | 101 | 0.0% | 107 | 0.0% |
| Interest earned - external investments | 15 000 | 6.8% | 15 000 | 6.7% | 15 600 | 6.6% | 16 224 | 6.5% |
| Interest earned - outstanding debtors | 2 100 | 1.0% | 2 226 | 1.0% | 2 360 | 1.0% | 2 501 | 1.0% |
| Fines, penalties and forfeits | 54 | 0.0% | 57 | 0.0% | 61 | 0.0% | 64 | 0.0% |
| Licences and permits | 1 056 | 0.5% | 1 119 | 0.5% | 1 186 | 0.5% | 1 258 | 0.5% |
| Agency services | 795 | 0.4% | 843 | 0.4% | 893 | 0.4% | 947 | 0.4% |
| Transfers and subsidies | 139 520 | 63.2% | 144 318 | 64.4% | 151 683 | 64.3% | 162 198 | 64.9% |
| Other revenue | 6 825 | 3.1% | 1 586 | 0.7% | 1 681 | 0.7% | 246 | 0.1% |
| **Total Revenue (excluding capital transfers and contributions)** | **220 586** | **100%** | **224 204** | **100%** | **236 063** | **100%** | **249 793** | **100%** |
| **Total Revenue from Rates and Service Charges** | **57 336** | **26.0%** | **61 281** | **27.3%** | **64 958** | **27.5%** | **68 856** | **27.6%** |

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detailed investment information and investment particulars by maturity.

**Table 34 MBRR SA15 – Detail Investment Information**

| Investment type<br>R thousand | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|
| | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Parent municipality** | | | | | |
| Deposits - Bank | 158 961 | 199 491 | 169 567 | 144 132 | 122 512 |
| **Total:** | **158 961** | **199 491** | **169 567** | **144 132** | **122 512** |

**Table 35 MBRR SA16 – Investment particulars by maturity**

| Investments by Maturity | Type of Investment | Capital Guarantee (Yes/ No) | Opening balance | Interest to be realised | Closing Balance |
|---|---|---|---|---|---|
| **Name of institution & investment ID** | | | | | |
| **Parent municipality** | | | | | – |
| Standard Bank 38 848 973 1 - 005 | 32 day | 32 day | 46 258 | 4 722 | **50 980** |
| Standard Bank 38 848 606 6 - 001 | Call Deposit | Call Deposit | 5 263 | 440 | **5 703** |
| Standard Bank 38 848 916 2 - 002 | Call Deposit | Call Deposit | 103 047 | 9 838 | **112 885** |
| **TOTAL INVESTMENTS AND INTEREST** | | | **154 567** | **15 000** | **169 567** |

### 1.12.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 36 MBRR Table A7 - Budget cash flow statement**

| Description | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|
| R thousand | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| **Receipts** | | | | | |
| Property rates | 6 660 | 6 917 | 7 199 | 7 639 | 8 105 |
| Service charges | 30 452 | 43 244 | 44 903 | 47 647 | 50 555 |
| Other revenue | 8 138 | 5 472 | 3 689 | 3 911 | 2 610 |
| Government - operating | 139 520 | 139 520 | 144 318 | 151 683 | 162 198 |
| Government - capital | 42 159 | 42 159 | 44 850 | 39 761 | 43 481 |
| Interest | 15 149 | 15 000 | 16 967 | 17 687 | 18 439 |
| **Payments** | | | | | |
| Suppliers and employees | (187 795) | (207 143) | (201 411) | (212 650) | (225 401) |
| Finance charges | (2 818) | (2 984) | (3 163) | (3 353) | (3 554) |
| Transfers and Grants | – | (300) | (290) | (250) | (250) |
| **NET CASH FROM/(USED) OPERATING ACTIVITIES** | **51 465** | **41 885** | **57 062** | **52 074** | **56 182** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| **Payments** | | | | | |
| Capital assets | (79 627) | (66 707) | (77 567) | (71 125) | (51 031) |
| **NET CASH FROM/(USED) INVESTING ACTIVITIES** | **(79 627)** | **(66 707)** | **(77 567)** | **(71 125)** | **(51 031)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| **Receipts** | | | | | |
| Increase (decrease) in consumer deposits | 70 | 72 | 75 | 79 | 83 |
| **Payments** | | | | | |
| Repayment of borrowing | (827) | (827) | (841) | (855) | (870) |
| **NET CASH FROM/(USED) FINANCING ACTIVITIES** | **(757)** | **(756)** | **(766)** | **(776)** | **(787)** |
| **NET INCREASE/ (DECREASE) IN CASH HELD** | **(28 919)** | **(25 578)** | **(21 271)** | **(19 827)** | **4 365** |
| Cash/cash equivalents at the year begin: | **210 029** | **253 169** | **227 591** | **206 321** | **186 494** |
| Cash/cash equivalents at the year end: | **181 110** | **227 591** | **206 321** | **186 494** | **190 858** |

### 1.12.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected).

It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 37 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

| Description | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|
| R thousand | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Cash and investments available** | | | | | |
| Cash/cash equivalents at the year end | 181 110 | 227 591 | 206 321 | 186 494 | 190 858 |
| **Cash and investments available:** | **181 110** | **227 591** | **206 321** | **186 494** | **190 858** |
| **Application of cash and investments** | | | | | |
| Unspent conditional transfers | – | 9 678 | 9 678 | 9 678 | 9 678 |
| Other working capital requirements | (4 599) | (10 811) | (13 058) | (14 332) | (15 377) |
| Reserves to be backed by cash/investments | 151 171 | 185 414 | 179 070 | 171 022 | 181 704 |
| **Total Application of cash and investments:** | **146 571** | **184 282** | **175 690** | **166 368** | **176 005** |
| **Surplus(shortfall)** | **34 539** | **43 310** | **30 631** | **20 126** | **14 853** |

From the above table it can be seen that the cash and investments available over the MTREF will be sufficient to cover all commitments. Commitments include the following:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors.

  High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be at least 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations. The municipality's levels are for 10 months.

- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Valuation Roll Reserve.

### 1.12.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 38 MBRR SA10 – Funding compliance measurement**

| Description | MFMA section | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|
| | | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Funding measures** | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 18(1)b | 181 110 | 227 591 | 206 321 | 186 494 | 190 858 |
| Cash + investments at the yr end less applications - R'000 | 18(1)b | 34 539 | 43 310 | 30 631 | 20 126 | 14 853 |
| Cash year end/monthly employee/supplier payments | 18(1)b | 12.4 | 14.8 | 13.2 | 11.2 | 10.8 |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 18(1) | 27 916 | 22 785 | 32 790 | 25 260 | 27 327 |
| Service charge rev % change - macro CPIX target exclusive | 18(1)a,(2) | 4.2% | 22.8% | 0.9% | (0.0%) | (0.0%) |
| Cash receipts % of Ratepayer & Other revenue | 18(1)a,(2) | 86.0% | 84.2% | 86.0% | 86.1% | 85.8% |
| Debt impairment expense as a % of total billable revenue | 18(1)a,(2) | 11.6% | 9.0% | 8.4% | 9.0% | 9.0% |
| Capital payments % of capital expenditure | 18(1)c;19 | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Grants % of Govt. legislated/gazetted allocations | 18(1)a | | | 100.0% | 100.0% | 100.0% |
| Current consumer debtors % change - incr(decr) | 18(1)a | (25.7%) | 35.8% | 9.0% | 7.2% | 6.9% |
| Long term receivables % change - incr(decr) | 18(1)a | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| R&M % of Property Plant & Equipment | 20(1)(vi) | 2.5% | 2.5% | 2.4% | 2.0% | 2.0% |
| Asset renewal % of capital budget | 20(1)(vi) | 14.3% | 9.0% | 11.0% | 15.2% | 2.2% |

#### *1.12.4.1 Cash/cash equivalent position*

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2018/19 MTREF shows R206,32 million, R186,49 million and R190,86 million for each respective financial year.

*1.12.4.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

*1.12.4.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The ratio is, at 13.2, well above the benchmark indicators.

*1.12.4.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2018/19 MTREF the indicative outcome is a surplus of R32,79 million, R25,26 million and R27,33 million.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

*1.12.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

*1.12.4.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

*1.12.4.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

*1.12.4.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

*1.12.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

*1.12.4.10 Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

*1.12.4.11 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained elsewhere in this report.

*1.12.4.12 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

## 1.13 Expenditure on grants and reconciliations of unspent funds

### Table 39 MBRR SA19 - Expenditure on transfers and grant programmes

| Description | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|
| R thousand | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **EXPENDITURE:** | | | | | |
| **Operating expenditure of Transfers and Grants** | | | | | |
| **National Government:** | **138 020** | **138 020** | **142 818** | **150 183** | **160 698** |
| Local Government Equitable Share | 126 153 | 126 153 | 129 419 | 139 197 | 149 262 |
| Finance Management | 1 700 | 1 700 | 1 700 | 1 700 | 1 700 |
| Nat Gov: Councillor Remuneration | 6 675 | 6 675 | 7 015 | 7 362 | 7 711 |
| Municipal Infrastructure Grant (MIG) | 1 956 | 1 956 | 1 888 | 1 924 | 2 025 |
| Nat Gov: EPWP Incentive Grant | 1 536 | 1 536 | 2 796 | – | – |
| **Provincial Government:** | **1 500** | **1 500** | **1 500** | **1 500** | **1 500** |
| Libraries | 1 500 | 1 500 | 1 500 | 1 500 | 1 500 |
| **Total operating expenditure of Transfers and Grants:** | **139 520** | **139 520** | **144 318** | **151 683** | **162 198** |
| **Capital expenditure of Transfers and Grants** | | | | | |
| **National Government:** | **42 159** | **42 159** | **41 850** | **39 761** | **43 481** |
| Municipal Infrastructure Grant (MIG) | 37 159 | 37 159 | 35 867 | 36 561 | 38 481 |
| Integrated National Electrification Programme | – | – | 5 983 | 3 200 | 5 000 |
| National Department of Energy | 5 000 | 5 000 | – | – | – |
| **Provincial Government:** | **–** | **–** | **3 000** | **–** | **–** |
| Provincial Public Works Roads Infrastructure | – | – | 3 000 | – | – |
| **Total capital expenditure of Transfers and Grants** | **42 159** | **42 159** | **44 850** | **39 761** | **43 481** |
| **TOTAL EXPENDITURE OF TRANSFERS AND GRANTS** | **181 679** | **181 679** | **189 168** | **191 444** | **205 679** |

## Table 40 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

| Description | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|
| R thousand | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Operating transfers and grants:** | | | | | |
| **National Government:** | | | | | |
| Balance unspent at beginning of the year | – | – | – | – | – |
| Current year receipts | 138 020 | 138 020 | 142 818 | 150 183 | 160 698 |
| **Conditions met - transferred to revenue** | **138 020** | **138 020** | **142 818** | **150 183** | **160 698** |
| Conditions still to be met - transferred to liabilities | – | – | – | – | – |
| **Provincial Government:** | | | | | |
| Balance unspent at beginning of the year | – | 9 678 | 9 678 | 9 678 | 9 678 |
| Current year receipts | 1 500 | 1 500 | 1 500 | 1 500 | 1 500 |
| **Conditions met - transferred to revenue** | **1 500** | **1 500** | **1 500** | **1 500** | **1 500** |
| Conditions still to be met - transferred to liabilities | – | 9 678 | 9 678 | 9 678 | 9 678 |
| **Total operating transfers and grants revenue** | **139 520** | **139 520** | **144 318** | **151 683** | **162 198** |
| **Total operating transfers and grants - CTBM** | **–** | **9 678** | **9 678** | **9 678** | **9 678** |
| **Capital transfers and grants:** | | | | | |
| **National Government:** | | | | | |
| Balance unspent at beginning of the year | – | – | – | – | – |
| Current year receipts | 42 159 | 42 159 | 41 850 | 39 761 | 43 481 |
| **Conditions met - transferred to revenue** | **42 159** | **42 159** | **41 850** | **39 761** | **43 481** |
| Conditions still to be met - transferred to liabilities | – | – | – | – | – |
| **Provincial Government:** | | | | | |
| Balance unspent at beginning of the year | – | – | – | – | – |
| Current year receipts | – | – | 3 000 | – | – |
| **Conditions met - transferred to revenue** | **–** | **–** | **3 000** | **–** | **–** |
| Conditions still to be met - transferred to liabilities | – | – | – | – | – |
| **Total capital transfers and grants revenue** | **42 159** | **42 159** | **44 850** | **39 761** | **43 481** |
| **Total capital transfers and grants - CTBM** | **–** | **–** | **–** | **–** | **–** |
| **TOTAL TRANSFERS AND GRANTS REVENUE** | **181 679** | **181 679** | **189 168** | **191 444** | **205 679** |
| **TOTAL TRANSFERS AND GRANTS - CTBM** | **–** | **9 678** | **9 678** | **9 678** | **9 678** |

## 1.14 Allocations and Grants made by the municipality

The following cash allocations are provided for in the proposed budget of the municipality:

**Table 41 Allocations and Grants made by the municipality**

| Description | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|
| R thousand | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Cash Transfers to other municipalities** | | | | | |
| *DC14 - Joe Gqabi District Municipality* | – | 300 | 250 | 250 | 250 |
| **Total Cash Transfers To Municipalities:** | **–** | **300** | **250** | **250** | **250** |
| **Cash Transfers to Organisations** | | | | | |
| *Grants and donations in aid* | – | – | 40 | – | – |
| **Total Cash Transfers To Organisations** | **–** | **–** | **40** | **–** | **–** |
| | | | | | |
| **Total Cash Transfers To Groups Of Individuals:** | **–** | **–** | **–** | **–** | **–** |
| **TOTAL CASH TRANSFERS AND GRANTS** | **–** | **300** | **290** | **250** | **250** |

## 1.15 Councilor and employee benefits

### Table 42 MBRR SA22 - Summary of councilor and staff benefits

| Summary of Employee and Councillor remuneration | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|
| R thousand | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Councillors (Political Office Bearers plus Other)** | | | | | |
| Basic Salaries and Wages | 12 045 | 11 182 | 11 553 | 12 565 | 13 319 |
| Cellphone Allowance | 1 129 | 1 530 | 1 622 | 1 719 | 1 822 |
| Other benefits and allowances | 254 | 170 | 180 | 191 | 202 |
| **Sub Total - Councillors** | **13 428** | **12 882** | **13 355** | **14 475** | **15 343** |
| **% increase** | **25.1%** | **(4.1%)** | **3.7%** | **8.4%** | **6.0%** |
| **Senior Managers of the Municipality** | | | | | |
| Basic Salaries and Wages | 9 472 | 11 445 | 11 263 | 11 995 | 12 774 |
| Pension and UIF Contributions | 102 | 30 | 32 | 33 | 35 |
| Performance Bonus | 1 705 | 1 685 | 1 786 | 1 894 | 2 007 |
| Cellphone Allowance | 104 | 62 | 66 | 70 | 74 |
| **Sub Total - Senior Managers of Municipality** | **11 383** | **13 223** | **13 147** | **13 992** | **14 891** |
| **% increase** | **16.5%** | **16.2%** | **(0.6%)** | **6.4%** | **6.4%** |
| **Other Municipal Staff** | | | | | |
| Basic Salaries and Wages | 54 186 | 53 518 | 53 514 | 56 993 | 60 697 |
| Pension and UIF Contributions | 8 731 | 8 637 | 9 374 | 9 936 | 10 532 |
| Medical Aid Contributions | 5 248 | 4 111 | 4 456 | 4 723 | 5 007 |
| Overtime | 228 | 170 | 180 | 191 | 202 |
| Performance Bonus | 1 826 | 1 817 | 2 022 | 2 144 | 2 272 |
| Cellphone Allowance | 475 | 495 | 550 | 583 | 618 |
| Housing Allowances | 199 | 462 | 499 | 529 | 560 |
| Other benefits and allowances | 1 499 | 1 372 | 1 480 | 1 569 | 1 663 |
| Long service awards | 263 | 256 | 277 | 294 | 311 |
| Post-retirement benefit obligations | 1 618 | 1 497 | 1 624 | 1 721 | 1 824 |
| **Sub Total - Other Municipal Staff** | **74 274** | **72 334** | **73 976** | **78 682** | **83 688** |
| **% increase** | **19.4%** | **(2.6%)** | **2.3%** | **6.4%** | **6.4%** |
| **Total Parent Municipality** | **99 085** | **98 439** | **100 478** | **107 148** | **113 922** |
| | **19.8%** | **(0.7%)** | **2.1%** | **6.6%** | **6.3%** |
| **TOTAL SALARY, ALLOWANCES & BENEFITS** | **99 085** | **98 439** | **100 478** | **107 148** | **113 922** |
| **% increase** | **19.8%** | **(0.7%)** | **2.1%** | **6.6%** | **6.3%** |
| **TOTAL MANAGERS AND STAFF** | **85 657** | **85 556** | **87 122** | **92 674** | **98 579** |

**Table 43 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councilors/ senior managers)**

| Disclosure of Salaries, Allowances & Benefits 1.<br>Rand per annum | Salary | Contributions<br>1. | Allowances | Performance Bonuses | Total Package<br>2. |
|---|---|---|---|---|---|
| **Councillors** | | | | | |
| Speaker | 720 334 | – | 53 000 | – | 773 334 |
| Chief Whip | 374 097 | – | 53 000 | – | 427 097 |
| Executive Mayor | 901 000 | – | 53 000 | – | 954 000 |
| Executive Committee | 1 596 000 | – | 212 000 | – | 1 808 000 |
| Total for all other councillors | 7 962 000 | – | 1 431 000 | – | 9 393 000 |
| **Total Councillors** | **11 553 431** | **–** | **1 802 000** | **–** | **13 355 431** |
| **Senior Managers of the Municipality** | | | | | |
| Municipal Manager (MM) | 2 545 038 | 1 892 | – | 386 164 | 2 933 094 |
| Chief Finance Officer | 1 522 993 | 19 724 | 13 409 | 316 369 | 1 872 495 |
| Technical Services | 1 591 490 | 1 363 | 9 157 | 220 368 | 1 822 378 |
| Community and Social Services | 2 072 743 | 2 614 | 17 552 | 305 166 | 2 398 075 |
| Corporate and Support Services | 1 741 516 | 4 254 | 14 297 | 280 939 | 2 041 006 |
| Development and Town Planning Services | 1 788 936 | 1 703 | 11 448 | 277 489 | 2 079 576 |
| **Total Senior Managers of the Municipality** | **11 262 716** | **31 550** | **65 863** | **1 786 495** | **13 146 624** |
| | | | | | |
| **TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION** | **22 816 147** | **31 550** | **1 867 863** | **1 786 495** | **26 502 055** |

### Table 44 MBRR SA24 – Summary of personnel numbers

| Summary of Personnel Numbers | 2016/17 | | | Current Year 2017/18 | | | Budget Year 2018/19 | | |
|---|---|---|---|---|---|---|---|---|---|
| Number | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees |
| **Municipal Council and Boards of Municipal Entities** | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | – | – | 37 | – | – | 37 | – | – | 37 |
| **Municipal employees** | | | | | | | | | |
| Municipal Manager and Senior Managers | – | – | 6 | – | – | 6 | – | – | 6 |
| Other Managers | – | 13 | 2 | – | 13 | 2 | – | 13 | 2 |
| Professionals | – | *37* | – | – | *37* | – | – | *38* | – |
| *Finance* | – | 5 | – | – | 5 | – | – | 6 | – |
| *Spatial/town planning* | – | 1 | – | – | 1 | – | – | 1 | – |
| *Information Technology* | – | 1 | – | – | 1 | – | – | 1 | – |
| *Roads* | – | 1 | – | – | 1 | – | – | 1 | – |
| *Refuse* | – | 6 | – | – | 6 | – | – | 6 | – |
| *Other* | – | 23 | – | – | 23 | – | – | 23 | – |
| Technicians | – | *5* | *9* | – | *5* | *9* | – | *5* | *9* |
| *Finance* | – | – | 9 | – | – | 9 | – | – | 9 |
| *Electricity* | – | 3 | – | – | 3 | – | – | 3 | – |
| *Other* | – | 2 | – | – | 2 | – | – | 2 | – |
| Clerks (Clerical and administrative) | – | 49 | – | – | 51 | – | – | 51 | – |
| Service and sales workers | – | 7 | – | – | 7 | – | – | 7 | – |
| Plant and Machine Operators | – | 23 | – | – | 23 | – | – | 23 | – |
| Elementary Occupations | – | 87 | – | – | 87 | – | – | 87 | – |
| **TOTAL PERSONNEL NUMBERS** | **–** | **221** | **54** | **–** | **223** | **54** | **–** | **224** | **54** |
| **% increase** | | | | – | 0.9% | – | – | 0.4% | – |
| **Total municipal employees headcount** | | | | | | | | | |
| Finance personnel headcount | **–** | **35** | **9** | **–** | **35** | **9** | **–** | **35** | **9** |
| Human Resources personnel headcount | **–** | **5** | **–** | **–** | **5** | **–** | **–** | **5** | **–** |

## 1.16 Monthly targets for revenue, expenditure and cash flow

## Table 45 MBRR SA25 - Budgeted monthly revenue and expenditure

| Description | Budget Year 2018/19 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | Novembe r | Decembe r | January | February | March | April | May | June | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Revenue By Source** | | | | | | | | | | | | | | | |
| Property rates | 2 037 | 570 | 489 | 570 | 489 | 489 | 570 | 489 | 570 | 652 | 570 | 652 | 8 147 | 8 635 | 9 154 |
| Service charges - electricity revenue | 4 171 | 4 171 | 3 754 | 3 546 | 3 128 | 2 920 | 3 128 | 3 128 | 3 337 | 3 337 | 3 337 | 3 754 | 41 712 | 44 215 | 46 868 |
| Service charges - refuse revenue | 758 | 758 | 758 | 758 | 758 | 758 | 758 | 758 | 758 | 758 | 758 | 758 | 9 101 | 9 647 | 10 226 |
| Rental of facilities and equipment | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 95 | 101 | 107 |
| Interest earned - external investments | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 15 000 | 15 600 | 16 224 |
| Interest earned - outstanding debtors | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 186 | 2 226 | 2 360 | 2 501 |
| Fines, penalties and forfeits | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 57 | 61 | 64 |
| Licences and permits | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 1 119 | 1 186 | 1 258 |
| Agency services | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 843 | 893 | 947 |
| Transfers and subsidies | 46 858 | – | – | 1 500 | 60 681 | – | – | – | 35 279 | – | – | – | 144 318 | 151 683 | 162 198 |
| Other revenue | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 1 586 | 1 681 | 246 |
| **Total Revenue (excluding capital transfers and contributions)** | **55 568** | **7 244** | **6 745** | **8 118** | **66 800** | **5 911** | **6 201** | **6 120** | **41 689** | **6 491** | **6 410** | **6 908** | **224 204** | **236 063** | **249 793** |
| **Expenditure By Type** | | | | | | | | | | | | | | | |
| Employee related costs | 6 943 | 6 943 | 6 943 | 6 943 | 10 752 | 6 943 | 6 943 | 6 943 | 6 943 | 6 943 | 6 943 | 6 943 | 87 122 | 92 674 | 98 579 |
| Remuneration of councillors | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 13 355 | 14 475 | 15 343 |
| Debt impairment | 414 | 414 | 414 | 414 | 414 | 414 | 414 | 414 | 414 | 414 | 414 | 414 | 4 963 | 5 598 | 5 934 |
| Depreciation & asset impairment | 1 857 | 1 857 | 1 857 | 1 857 | 1 857 | 1 857 | 1 857 | 1 857 | 1 857 | 1 857 | 1 857 | 1 857 | 22 290 | 23 627 | 25 045 |
| Finance charges | 165 | 165 | 758 | 165 | 165 | 165 | 165 | 165 | 758 | 165 | 165 | 165 | 3 163 | 3 353 | 3 554 |
| Bulk purchases | 2 876 | 2 876 | 2 876 | 2 876 | 2 876 | 2 876 | 2 876 | 2 876 | 2 876 | 2 876 | 2 876 | 2 876 | 34 506 | 37 451 | 39 698 |
| Other materials | 1 072 | 1 072 | 1 093 | 1 093 | 1 114 | 1 072 | 1 093 | 1 093 | 1 161 | 1 093 | 1 093 | 1 131 | 13 179 | 13 694 | 14 516 |
| Contracted services | 2 106 | 2 115 | 2 181 | 2 512 | 2 955 | 2 156 | 2 102 | 2 125 | 2 162 | 2 196 | 2 797 | 2 892 | 28 298 | 28 173 | 29 956 |
| Transfers and subsidies | – | – | 250 | – | 40 | – | – | – | – | – | – | – | 290 | 250 | 250 |
| Other expenditure | 2 266 | 3 036 | 2 476 | 2 266 | 2 476 | 2 266 | 2 266 | 2 266 | 2 476 | 2 624 | 2 233 | 2 443 | 29 097 | 31 269 | 33 072 |
| **Total Expenditure** | **18 812** | **19 590** | **19 961** | **19 237** | **23 762** | **18 861** | **18 827** | **18 851** | **19 760** | **19 279** | **19 489** | **19 833** | **236 264** | **250 563** | **265 946** |
| **Surplus/(Deficit)** | **36 756** | **(12 347)** | **(13 216)** | **(11 119)** | **43 039** | **(12 951)** | **(12 626)** | **(12 732)** | **21 929** | **(12 788)** | **(13 080)** | **(12 925)** | **(12 060)** | **(14 501)** | **(16 153)** |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 14 352 | – | – | – | 19 286 | – | – | – | 11 213 | – | – | – | 44 850 | 39 761 | 43 481 |
| **Surplus/(Deficit)** | **51 108** | **(12 347)** | **(13 216)** | **(11 119)** | **62 324** | **(12 951)** | **(12 626)** | **(12 732)** | **33 141** | **(12 788)** | **(13 080)** | **(12 925)** | **32 790** | **25 260** | **27 327** |

## Table 46 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

| Description | Budget Year 2018/19 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Revenue by Vote** | | | | | | | | | | | | | | | |
| Vote 1 - Executive & Council | 2 245 | – | – | – | 3 016 | – | – | – | 1 754 | – | – | – | 7 015 | 7 362 | 7 711 |
| Vote 2 - Planning & Development | 609 | 5 | 5 | 5 | 816 | 5 | 5 | 5 | 477 | 5 | 5 | 5 | 1 944 | 1 984 | 2 088 |
| Vote 3 - Corporate Services | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 104 | 110 | 21 |
| Vote 4 - Budget & Treasury | 29 886 | 1 871 | 1 790 | 1 871 | 35 180 | 1 790 | 1 871 | 1 790 | 21 284 | 1 953 | 1 871 | 1 953 | 103 112 | 110 105 | 117 314 |
| Vote 5 - Road Transport | 13 524 | 192 | 192 | 192 | 18 107 | 192 | 192 | 192 | 10 608 | 192 | 192 | 192 | 43 965 | 39 001 | 40 710 |
| Vote 9 - Community & Social Services | 11 | 11 | 11 | 1 511 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 1 634 | 1 642 | 1 650 |
| Vote 11 - Public Safety | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 83 | 88 | 93 |
| Vote 12 - Electricity | 14 466 | 4 268 | 3 851 | 3 643 | 16 928 | 3 017 | 3 226 | 3 226 | 11 401 | 3 434 | 3 434 | 3 851 | 74 745 | 76 490 | 83 030 |
| Vote 13 - Waste Management | 9 163 | 881 | 881 | 881 | 12 011 | 881 | 881 | 881 | 7 352 | 881 | 881 | 881 | 36 452 | 39 042 | 40 655 |
| **Total Revenue by Vote** | **69 920** | **7 244** | **6 745** | **8 118** | **86 086** | **5 911** | **6 201** | **6 120** | **52 902** | **6 491** | **6 410** | **6 908** | **269 054** | **275 823** | **293 274** |
| **Expenditure by Vote to be appropriated** | | | | | | | | | | | | | | | |
| Vote 1 - Executive & Council | 2 365 | 2 600 | 2 430 | 2 365 | 3 234 | 2 430 | 2 365 | 2 374 | 2 365 | 2 430 | 2 800 | 2 869 | 30 629 | 32 429 | 34 439 |
| Vote 2 - Planning & Development | 1 510 | 1 528 | 1 510 | 1 510 | 2 363 | 1 510 | 1 510 | 1 510 | 1 510 | 1 510 | 1 510 | 1 410 | 18 891 | 19 705 | 20 932 |
| Vote 3 - Corporate Services | 2 636 | 2 677 | 3 316 | 2 636 | 3 277 | 2 636 | 2 636 | 2 636 | 3 066 | 3 025 | 2 636 | 824 | 32 002 | 32 670 | 34 733 |
| Vote 4 - Budget & Treasury | 2 247 | 2 282 | 2 247 | 2 247 | 3 531 | 2 247 | 2 247 | 2 247 | 2 247 | 2 247 | 2 347 | 4 060 | 30 197 | 33 803 | 35 796 |
| Vote 5 - Road Transport | 2 131 | 2 290 | 2 240 | 2 511 | 2 450 | 2 131 | 2 161 | 2 161 | 2 240 | 2 129 | 2 218 | 2 647 | 27 309 | 28 364 | 30 108 |
| Vote 6 - Waste Water Management | 331 | 332 | 331 | 331 | 405 | 316 | 316 | 331 | 331 | 301 | 331 | 301 | 3 956 | 3 916 | 4 160 |
| Vote 9 - Community & Social Services | 792 | 865 | 820 | 792 | 966 | 792 | 792 | 792 | 820 | 792 | 792 | 820 | 9 833 | 10 162 | 10 794 |
| Vote 10 - Sport & Recreation | 155 | 155 | 155 | 155 | 183 | 155 | 155 | 155 | 155 | 155 | 155 | 155 | 1 891 | 2 009 | 2 134 |
| Vote 11 - Public Safety | 57 | 57 | 71 | 57 | 120 | 57 | 57 | 57 | 71 | 57 | 57 | 71 | 789 | 839 | 892 |
| Vote 12 - Electricity | 4 021 | 4 210 | 4 202 | 4 066 | 4 395 | 4 021 | 4 021 | 4 021 | 4 316 | 4 066 | 4 076 | 4 038 | 49 453 | 53 233 | 56 457 |
| Vote 13 - Waste Management | 2 567 | 2 594 | 2 638 | 2 567 | 2 838 | 2 567 | 2 567 | 2 567 | 2 638 | 2 567 | 2 567 | 2 638 | 31 315 | 33 434 | 35 503 |
| **Total Expenditure by Vote** | **18 812** | **19 590** | **19 961** | **19 237** | **23 762** | **18 861** | **18 827** | **18 851** | **19 760** | **19 279** | **19 489** | **19 833** | **236 264** | **250 563** | **265 946** |
| **Surplus/(Deficit)** | **51 108** | **(12 347)** | **(13 216)** | **(11 119)** | **62 324** | **(12 951)** | **(12 626)** | **(12 732)** | **33 141** | **(12 788)** | **(13 080)** | **(12 925)** | **32 790** | **25 260** | **27 327** |

## Table 47 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

| Description | Budget Year 2018/19 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Revenue - Functional** | | | | | | | | | | | | | | | |
| ***Governance and administration*** | **32 133** | **1 873** | **1 792** | **1 873** | **38 198** | **1 792** | **1 873** | **1 792** | **23 040** | **1 955** | **1 873** | **1 955** | **110 146** | **117 487** | **125 046** |
| Executive and council | 2 245 | – | – | – | 3 016 | – | – | – | 1 754 | – | – | – | 7 015 | 7 362 | 7 711 |
| Finance and administration | 29 888 | 1 873 | 1 792 | 1 873 | 35 182 | 1 792 | 1 873 | 1 792 | 21 286 | 1 955 | 1 873 | 1 955 | 103 131 | 110 125 | 117 335 |
| ***Community and public safety*** | **18** | **18** | **18** | **1 518** | **18** | **18** | **18** | **18** | **18** | **18** | **18** | **18** | **1 714** | **1 727** | **1 741** |
| Community and social services | 11 | 11 | 11 | 1 511 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 1 631 | 1 639 | 1 647 |
| Public safety | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 83 | 88 | 93 |
| ***Economic and environmental services*** | **14 140** | **204** | **204** | **204** | **18 931** | **204** | **204** | **204** | **11 091** | **204** | **204** | **204** | **45 994** | **41 075** | **42 798** |
| Planning and development | 616 | 12 | 12 | 12 | 823 | 12 | 12 | 12 | 484 | 12 | 12 | 12 | 2 029 | 2 074 | 2 088 |
| Road transport | 13 524 | 192 | 192 | 192 | 18 107 | 192 | 192 | 192 | 10 608 | 192 | 192 | 192 | 43 965 | 39 001 | 40 710 |
| ***Trading services*** | **23 629** | **5 149** | **4 732** | **4 523** | **28 939** | **3 898** | **4 106** | **4 106** | **18 752** | **4 315** | **4 315** | **4 732** | **111 197** | **115 532** | **123 685** |
| Energy sources | 14 466 | 4 268 | 3 851 | 3 643 | 16 928 | 3 017 | 3 226 | 3 226 | 11 401 | 3 434 | 3 434 | 3 851 | 74 745 | 76 490 | 83 030 |
| Waste management | 9 163 | 881 | 881 | 881 | 12 011 | 881 | 881 | 881 | 7 352 | 881 | 881 | 881 | 36 452 | 39 042 | 40 655 |
| ***Other*** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **3** | **3** | **3** |
| **Total Revenue - Functional** | **69 920** | **7 244** | **6 745** | **8 118** | **86 086** | **5 911** | **6 201** | **6 120** | **52 902** | **6 491** | **6 410** | **6 908** | **269 054** | **275 823** | **293 274** |
| **Expenditure - Functional** | | | | | | | | | | | | | | | |
| ***Governance and administration*** | **7 352** | **7 662** | **8 096** | **7 352** | **10 154** | **7 416** | **7 352** | **7 360** | **7 782** | **7 805** | **7 887** | **7 855** | **94 073** | **99 960** | **106 091** |
| Executive and council | 2 242 | 2 469 | 2 242 | 2 242 | 2 938 | 2 242 | 2 242 | 2 242 | 2 242 | 2 242 | 2 242 | 2 242 | 27 831 | 29 884 | 31 737 |
| Finance and administration | 4 986 | 5 062 | 5 666 | 4 986 | 6 921 | 4 986 | 4 986 | 4 986 | 5 416 | 5 375 | 5 086 | 4 986 | 63 444 | 67 531 | 71 652 |
| Internal audit | 123 | 132 | 187 | 123 | 296 | 187 | 123 | 132 | 123 | 187 | 558 | 627 | 2 798 | 2 545 | 2 703 |
| ***Community and public safety*** | **967** | **1 041** | **996** | **967** | **1 173** | **967** | **967** | **967** | **996** | **967** | **967** | **996** | **11 973** | **12 435** | **13 209** |
| Community and social services | 743 | 817 | 758 | 743 | 859 | 743 | 743 | 743 | 758 | 743 | 743 | 758 | 9 154 | 9 440 | 10 027 |
| Sport and recreation | 155 | 155 | 155 | 155 | 183 | 155 | 155 | 155 | 155 | 155 | 155 | 155 | 1 891 | 2 009 | 2 134 |
| Public safety | 69 | 69 | 83 | 69 | 131 | 69 | 69 | 69 | 83 | 69 | 69 | 83 | 928 | 986 | 1 048 |
| ***Economic and environmental services*** | **3 451** | **3 628** | **3 560** | **3 831** | **4 572** | **3 451** | **3 481** | **3 481** | **3 560** | **3 449** | **3 538** | **3 867** | **43 868** | **45 901** | **48 736** |
| Planning and development | 1 309 | 1 327 | 1 309 | 1 309 | 2 087 | 1 309 | 1 309 | 1 309 | 1 309 | 1 309 | 1 309 | 1 209 | 16 409 | 17 377 | 18 459 |
| Road transport | 2 131 | 2 290 | 2 240 | 2 511 | 2 450 | 2 131 | 2 161 | 2 161 | 2 240 | 2 129 | 2 218 | 2 647 | 27 309 | 28 364 | 30 108 |
| Environmental protection | 10 | 10 | 10 | 10 | 35 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 150 | 160 | 170 |
| ***Trading services*** | **6 907** | **7 124** | **7 160** | **6 952** | **7 626** | **6 892** | **6 892** | **6 907** | **7 274** | **6 922** | **6 962** | **6 966** | **84 586** | **90 435** | **95 963** |
| Energy sources | 4 021 | 4 210 | 4 202 | 4 066 | 4 395 | 4 021 | 4 021 | 4 021 | 4 316 | 4 066 | 4 076 | 4 038 | 49 453 | 53 233 | 56 457 |
| Waste water management | 331 | 332 | 331 | 331 | 405 | 316 | 316 | 331 | 331 | 301 | 331 | 301 | 3 956 | 3 916 | 4 160 |
| Waste management | 2 555 | 2 582 | 2 627 | 2 555 | 2 826 | 2 555 | 2 555 | 2 555 | 2 627 | 2 555 | 2 555 | 2 627 | 31 176 | 33 287 | 35 347 |
| ***Other*** | **135** | **135** | **149** | **135** | **236** | **135** | **135** | **135** | **149** | **135** | **135** | **149** | **1 765** | **1 833** | **1 947** |
| **Total Expenditure - Functional** | **18 812** | **19 590** | **19 961** | **19 237** | **23 762** | **18 861** | **18 827** | **18 851** | **19 760** | **19 279** | **19 489** | **19 833** | **236 264** | **250 563** | **265 946** |
| **Surplus/(Deficit)** | **51 108** | **(12 347)** | **(13 216)** | **(11 119)** | **62 324** | **(12 951)** | **(12 626)** | **(12 732)** | **33 141** | **(12 788)** | **(13 080)** | **(12 925)** | **32 790** | **25 260** | **27 327** |

## Table 48 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

| Description | Budget Year 2018/19 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Multi-year expenditure** *to be appropriated* | | | | | | | | | | | | | | | |
| Vote 3 - Corporate Services | – | – | – | – | – | – | 300 | 1 000 | 1 200 | 950 | 1 050 | – | 4 500 | 7 500 | – |
| Vote 5 - Road Transport | 300 | 1 050 | 2 350 | 2 500 | 2 100 | 1 044 | 1 730 | 2 850 | 2 480 | 1 300 | 1 100 | 1 400 | 20 204 | 18 000 | 19 000 |
| Vote 9 - Community & Social Services | – | – | – | 35 | 115 | 35 | 35 | 70 | 620 | 620 | 285 | 185 | 2 000 | 7 300 | – |
| Vote 12 - Electricity | 200 | 2 200 | 1 200 | 1 700 | 1 200 | 583 | 100 | 200 | 200 | 200 | 200 | 200 | 8 183 | 6 200 | 8 500 |
| Vote 13 - Waste Management | 600 | 600 | 1 120 | 1 550 | 860 | 491 | 690 | 1 260 | 1 010 | 1 010 | 1 210 | 1 220 | 11 621 | 25 025 | 2 200 |
| **Capital multi-year expenditure sub-total** | **1 100** | **3 850** | **4 670** | **5 785** | **4 275** | **2 153** | **2 855** | **5 380** | **5 510** | **4 080** | **3 845** | **3 005** | **46 508** | **64 025** | **29 700** |
| **Single-year expenditure** *to be appropriated* | | | | | | | | | | | | | | | |
| Vote 1 - Executive & Council | – | – | – | 600 | 305 | – | – | 30 | – | – | – | – | 935 | – | – |
| Vote 2 - Planning & Development | – | – | – | – | 100 | – | – | – | – | – | 50 | – | 150 | – | 600 |
| Vote 3 - Corporate Services | – | – | – | – | 122 | 200 | – | – | 400 | 400 | – | – | 1 122 | – | – |
| Vote 4 - Budget & Treasury | – | – | – | – | 546 | – | – | – | – | – | – | – | 546 | – | – |
| Vote 5 - Road Transport | 160 | 200 | 220 | 140 | 260 | 720 | 550 | 755 | 875 | 870 | 180 | 430 | 5 360 | 700 | 15 350 |
| Vote 9 - Community & Social Services | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1 244 |
| Vote 10 - Sport & Recreation | 460 | 300 | 350 | 100 | 375 | 70 | 70 | 175 | – | 50 | – | – | 1 950 | – | – |
| Vote 11 - Public Safety | – | 1 112 | 650 | 850 | 1 270 | 400 | 400 | 850 | 800 | 800 | 500 | – | 7 632 | – | – |
| Vote 12 - Electricity | – | – | – | – | 1 784 | – | – | 100 | – | – | – | – | 1 884 | – | 2 537 |
| Vote 13 - Waste Management | 400 | 230 | 260 | 810 | 990 | 425 | 325 | 980 | 1 310 | 1 810 | 2 110 | 1 830 | 11 480 | 6 400 | 1 600 |
| **Capital single-year expenditure sub-total** | **1 020** | **1 842** | **1 480** | **2 500** | **5 752** | **1 815** | **1 345** | **2 890** | **3 385** | **3 930** | **2 840** | **2 260** | **31 059** | **7 100** | **21 331** |
| **Total Capital Expenditure** | **2 120** | **5 692** | **6 150** | **8 285** | **10 027** | **3 968** | **4 200** | **8 270** | **8 895** | **8 010** | **6 685** | **5 265** | **77 567** | **71 125** | **51 031** |

## Table 49 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

| Description | Budget Year 2018/19 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Capital Expenditure - Functional** | | | | | | | | | | | | | | | |
| ***Governance and administration*** | **–** | **–** | **–** | **600** | **973** | **200** | **300** | **1 030** | **1 600** | **1 350** | **1 050** | **–** | **7 103** | **7 500** | **–** |
| Executive and council | – | – | – | – | 305 | – | – | 30 | – | – | – | – | 335 | – | – |
| Finance and administration | – | – | – | – | 668 | 200 | 300 | 1 000 | 1 600 | 1 350 | 1 050 | – | 6 168 | 7 500 | – |
| Internal audit | – | – | – | 600 | – | – | – | – | – | – | – | – | 600 | – | – |
| ***Community and public safety*** | **460** | **1 412** | **1 000** | **985** | **1 760** | **505** | **505** | **1 095** | **1 420** | **1 470** | **785** | **185** | **11 582** | **7 300** | **1 244** |
| Community and social services | – | – | – | 35 | 115 | 35 | 35 | 70 | 620 | 620 | 285 | 185 | 2 000 | 7 300 | 1 244 |
| Sport and recreation | 460 | 300 | 350 | 100 | 375 | 70 | 70 | 175 | – | 50 | – | – | 1 950 | – | – |
| Public safety | – | 1 112 | 650 | 850 | 1 270 | 400 | 400 | 850 | 800 | 800 | 500 | – | 7 632 | – | – |
| ***Economic and environmental services*** | **460** | **1 250** | **2 570** | **2 640** | **2 460** | **1 764** | **2 280** | **3 605** | **3 355** | **2 170** | **1 330** | **1 830** | **25 714** | **18 700** | **34 950** |
| Planning and development | – | – | – | – | 100 | – | – | – | – | – | 50 | – | 150 | – | 600 |
| Road transport | 460 | 1 250 | 2 570 | 2 640 | 2 360 | 1 764 | 2 280 | 3 605 | 3 355 | 2 170 | 1 280 | 1 830 | 25 564 | 18 700 | 34 350 |
| ***Trading services*** | **1 200** | **3 030** | **2 580** | **4 060** | **4 834** | **1 499** | **1 115** | **2 540** | **2 520** | **3 020** | **3 520** | **3 250** | **33 168** | **37 625** | **14 837** |
| Energy sources | 200 | 2 200 | 1 200 | 1 700 | 2 984 | 583 | 100 | 300 | 200 | 200 | 200 | 200 | 10 067 | 6 200 | 11 037 |
| Waste management | 1 000 | 830 | 1 380 | 2 360 | 1 850 | 916 | 1 015 | 2 240 | 2 320 | 2 820 | 3 320 | 3 050 | 23 101 | 31 425 | 3 800 |
| **Total Capital Expenditure - Functional** | **2 120** | **5 692** | **6 150** | **8 285** | **10 027** | **3 968** | **4 200** | **8 270** | **8 895** | **8 010** | **6 685** | **5 265** | **77 567** | **71 125** | **51 031** |
| **Funded by:** | | | | | | | | | | | | | | | |
| National Government | – | 1 888 | 5 271 | 1 888 | 11 327 | 3 384 | 1 888 | 3 776 | 5 271 | 3 776 | 1 888 | **1 496** | **41 850** | **39 761** | **43 481** |
| Provincial Government | – | 250 | 250 | 500 | 500 | 250 | 250 | 500 | 250 | – | – | 250 | 3 000 | – | – |
| **Transfers recognised - capital** | **–** | **2 138** | **5 521** | **2 388** | **11 827** | **3 634** | **2 138** | **4 276** | **5 521** | **3 776** | **1 888** | **1 746** | **44 850** | **39 761** | **43 481** |
| **Internally generated funds** | 2 120 | 3 555 | 629 | 5 897 | (1 800) | 335 | 2 062 | 3 995 | 3 374 | 4 235 | 4 797 | 3 519 | 32 717 | 31 364 | 7 550 |
| **Total Capital Funding** | **2 120** | **5 692** | **6 150** | **8 285** | **10 027** | **3 968** | **4 200** | **8 270** | **8 895** | **8 010** | 6 685 | 5 265 | 77 567 | 71 125 | 51 031 |

## Table 50 MBRR SA30 - Budgeted monthly cash flow

| MONTHLY CASH FLOWS | Budget Year 2018/19 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Cash Receipts By Source** | | | | | | | | | | | | | | | |
| Property rates | 1 800 | 504 | 432 | 504 | 432 | 432 | 504 | 432 | 504 | 576 | 504 | 576 | 7 199 | 7 639 | 8 105 |
| Service charges - electricity revenue | 3 686 | 3 686 | 3 317 | 3 133 | 2 765 | 2 580 | 2 765 | 2 765 | 2 949 | 2 949 | 2 949 | 3 317 | 36 860 | 39 113 | 41 500 |
| Service charges - refuse revenue | 670 | 670 | 670 | 670 | 670 | 670 | 670 | 670 | 670 | 670 | 670 | 670 | 8 043 | 8 534 | 9 055 |
| Rental of facilities and equipment | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 84 | 89 | 95 |
| Interest earned - external investments | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 1 250 | 15 000 | 15 600 | 16 224 |
| Interest earned - outstanding debtors | 164 | 164 | 164 | 164 | 164 | 164 | 164 | 164 | 164 | 164 | 164 | 164 | 1 967 | 2 087 | 2 215 |
| Fines, penalties and forfeits | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 57 | 61 | 64 |
| Licences and permits | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 1 119 | 1 186 | 1 258 |
| Agency services | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 843 | 893 | 947 |
| Transfer receipts - operational | 46 858 | – | – | 1 500 | 60 681 | – | – | – | 35 279 | – | – | – | 144 318 | 151 683 | 162 198 |
| Other revenue | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 1 586 | 1 681 | 246 |
| **Cash Receipts by Source** | **54 735** | **6 582** | **6 141** | **7 529** | **66 269** | **5 404** | **5 660** | **5 588** | **41 124** | **5 916** | **5 844** | **6 285** | **217 076** | **228 567** | **241 907** |
| **Other Cash Flows by Source** | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 14 352 | – | – | – | 19 286 | – | – | – | 11 213 | – | – | – | 44 850 | 39 761 | 43 481 |
| Increase (decrease) in consumer deposits | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 75 | 79 | 83 |
| **Total Cash Receipts by Source** | **69 093** | **6 588** | **6 147** | **7 535** | **85 561** | **5 410** | **5 666** | **5 594** | **52 343** | **5 923** | **5 851** | **6 291** | **262 001** | **268 407** | **285 471** |
| **Cash Payments by Type** | | | | | | | | | | | | | | | |
| Employee related costs | 6 647 | 6 647 | 6 647 | 6 647 | 10 294 | 6 647 | 6 647 | 6 647 | 6 647 | 6 647 | 6 647 | 6 647 | 83 415 | 88 359 | 93 766 |
| Remuneration of councillors | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 1 113 | 13 355 | 14 475 | 15 343 |
| Finance charges | 165 | 165 | 758 | 165 | 165 | 165 | 165 | 165 | 758 | 165 | 165 | 165 | 3 163 | 3 353 | 3 554 |
| Bulk purchases - Electricity | 2 875 | 2 875 | 2 875 | 2 875 | 2 875 | 2 875 | 2 875 | 2 875 | 2 875 | 2 875 | 2 875 | 2 875 | 34 497 | 37 358 | 39 559 |
| Other materials | 1 072 | 1 072 | 1 093 | 1 093 | 1 114 | 1 072 | 1 093 | 1 093 | 1 161 | 1 093 | 1 093 | 1 026 | 13 075 | 13 551 | 14 355 |
| Contracted services | 2 106 | 2 115 | 2 181 | 2 512 | 2 955 | 2 156 | 2 102 | 2 125 | 2 162 | 2 196 | 2 797 | 2 880 | 28 286 | 28 062 | 29 789 |
| Transfers and grants - other | – | – | 250 | – | 40 | – | – | – | – | – | – | – | 290 | 250 | 250 |
| Other expenditure | 2 242 | 3 003 | 2 450 | 2 242 | 2 450 | 2 242 | 2 242 | 2 242 | 2 450 | 2 595 | 2 209 | 2 417 | 28 784 | 30 846 | 32 589 |
| **Cash Payments by Type** | **16 220** | **16 990** | **17 367** | **16 646** | **21 006** | **16 270** | **16 236** | **16 260** | **17 166** | **16 684** | **16 898** | **17 123** | **204 864** | **216 253** | **229 206** |
| **Other Cash Flows/Payments by Type** | | | | | | | | | | | | | | | |
| Capital assets | 2 120 | 5 692 | 6 150 | 8 285 | 10 027 | 3 968 | 4 200 | 8 270 | 8 895 | 8 010 | 6 685 | 5 265 | 77 567 | 71 125 | 51 031 |
| Repayment of borrowing | – | – | 420 | – | – | – | – | – | 420 | – | – | – | 841 | 855 | 870 |
| **Total Cash Payments by Type** | **18 340** | **22 683** | **23 937** | **24 931** | **31 033** | **20 238** | **20 436** | **24 530** | **26 482** | **24 694** | **23 583** | **22 388** | **283 272** | **288 233** | **281 106** |
| **NET INCREASE/(DECREASE) IN CASH HELD** | **50 753** | **(16 095)** | **(17 790)** | **(17 396)** | **54 528** | **(14 828)** | **(14 769)** | **(18 935)** | **25 861** | **(18 771)** | **(17 732)** | **(16 096)** | **(21 271)** | **(19 827)** | **4 365** |
| Cash/cash equivalents at the month/year begin: | 227 591 | 278 345 | 262 250 | 244 460 | 227 064 | 281 592 | 266 764 | 251 995 | 233 060 | 258 921 | 240 149 | 222 417 | 227 591 | 206 321 | 186 494 |
| Cash/cash equivalents at the month/year end: | 278 345 | 262 250 | 244 460 | 227 064 | 281 592 | 266 764 | 251 995 | 233 060 | 258 921 | 240 149 | 222 417 | 206 321 | 206 321 | 186 494 | 190 858 |

## 1.17 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## 1.18 Capital expenditure details

The following five tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets, then the depreciation per asset class and finally the upgrade of assets.

## Table 51 MBRR SA34a - Capital expenditure on new assets by asset class

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Capital expenditure on new assets by Asset Class/Sub-class** | | | | | | | | |
| **Infrastructure** | **15 921** | **20 129** | **16 767** | **40 041** | **39 165** | **45 857** | **47 675** | **36 687** |
| Roads Infrastructure | 9 536 | 13 425 | 10 914 | 25 491 | 27 872 | 25 454 | 18 300 | 22 450 |
| *Roads* | 7 283 | 12 961 | 10 771 | 22 671 | 23 990 | 25 454 | 18 300 | 22 450 |
| *Road Structures* | 2 253 | 464 | 143 | 2 800 | 3 866 | – | – | – |
| *Road Furniture* | – | – | – | 20 | 16 | – | – | – |
| Storm water Infrastructure | 3 281 | 3 853 | 2 455 | – | – | – | – | – |
| *Storm water Conveyance* | 3 281 | 3 853 | 2 455 | – | – | – | – | – |
| Electrical Infrastructure | 2 988 | 2 349 | 3 057 | 7 000 | 7 318 | 8 283 | 6 200 | 11 037 |
| *MV Networks* | 2 610 | 342 | 257 | 5 000 | 5 000 | 5 983 | 3 200 | 5 000 |
| *LV Networks* | 378 | 2 007 | 2 800 | 2 000 | 2 318 | 2 300 | 3 000 | 6 037 |
| Solid Waste Infrastructure | 116 | 502 | 340 | 7 550 | 3 975 | 12 120 | 23 175 | 3 200 |
| *Landfill Sites* | 116 | 502 | 340 | 7 050 | 3 975 | 12 120 | 23 175 | 3 200 |
| *Waste Transfer Stations* | – | – | – | 500 | – | – | – | – |
| **Community Assets** | **11 996** | **13 846** | **9 534** | **4 746** | **4 179** | **7 962** | **4 000** | **1 344** |
| Community Facilities | 380 | 12 220 | 1 934 | 4 746 | 3 185 | 7 712 | 4 000 | 1 344 |
| *Halls* | – | 7 888 | 33 | 1 200 | 1 585 | – | – | – |
| *Centres* | – | – | – | 2 246 | 500 | 7 212 | – | – |
| *Cemeteries/Crematoria* | 289 | 4 232 | 21 | – | 700 | 500 | 4 000 | 744 |
| *Public Open Space* | 91 | 70 | 555 | 1 300 | 400 | – | – | – |
| *Stalls* | – | 30 | 1 326 | – | – | – | – | 600 |
| Sport and Recreation Facilities | 11 616 | 1 626 | 7 600 | – | 994 | 250 | – | – |
| *Outdoor Facilities* | 11 616 | 1 626 | 7 600 | – | 994 | 250 | – | – |
| **Other assets** | **10 802** | **836** | **499** | **2 850** | **2 600** | **200** | **–** | **–** |
| Operational Buildings | 10 802 | 836 | 499 | 2 850 | 2 600 | 200 | – | – |
| *Municipal Offices* | 10 802 | 836 | 234 | 250 | – | 200 | – | – |
| *Yards* | – | – | 265 | 2 600 | 2 600 | – | – | – |
| **Intangible Assets** | – | 85 | – | 161 | 161 | 600 | – | – |
| Licences and Rights | – | 85 | – | 161 | 161 | 600 | – | – |
| *Computer Software and Applications* | – | 85 | – | 161 | 161 | 600 | – | – |
| **Computer Equipment** | – | 383 | 1 390 | 1 209 | 954 | 1 137 | – | – |
| Computer Equipment | – | 383 | 1 390 | 1 209 | 954 | 1 137 | – | – |
| **Furniture and Office Equipment** | 2 402 | 594 | 329 | 320 | 322 | 110 | – | – |
| Furniture and Office Equipment | 2 402 | 594 | 329 | 320 | 322 | 110 | – | – |
| **Machinery and Equipment** | 1 025 | 1 075 | 715 | 3 650 | 3 570 | 1 200 | – | – |
| Machinery and Equipment | 1 025 | 1 075 | 715 | 3 650 | 3 570 | 1 200 | – | – |
| **Transport Assets** | 4 929 | 1 937 | 425 | 2 100 | 1 722 | 1 700 | – | – |
| Transport Assets | 4 929 | 1 937 | 425 | 2 100 | 1 722 | 1 700 | – | – |
| **Total Capital Expenditure on new assets** | **47 075** | **38 885** | **29 658** | **55 077** | **52 673** | **58 766** | **51 675** | **38 031** |

## Table 52 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Capital expenditure on renewal of existing assets by Asset Class/Sub-class** | | | | | | | | |
| **Infrastructure** | **–** | **–** | **10 437** | **4 000** | **–** | **–** | **–** | **600** |
| Roads Infrastructure | – | – | 6 275 | – | – | – | – | – |
| *Roads* | – | – | 6 049 | – | – | – | – | – |
| *Road Structures* | – | – | 225 | – | – | – | – | – |
| Electrical Infrastructure | – | – | 4 163 | – | – | – | – | – |
| *MV Networks* | – | – | 3 475 | – | – | – | – | – |
| *LV Networks* | – | – | 688 | – | – | – | – | – |
| Solid Waste Infrastructure | – | – | – | 4 000 | – | – | – | 600 |
| *Landfill Sites* | – | – | – | 4 000 | – | – | – | 600 |
| **Community Assets** | **–** | **–** | **1 645** | **2 350** | **2 480** | **3 200** | **3 300** | **500** |
| Community Facilities | – | – | 1 645 | 2 350 | 2 480 | 2 100 | 3 300 | 500 |
| *Halls* | – | – | 1 575 | 750 | 750 | 1 500 | 3 300 | 500 |
| *Cemeteries/Crematoria* | – | – | – | 700 | – | – | – | – |
| *Public Open Space* | – | – | – | 900 | 1 730 | 600 | – | – |
| *Public Ablution Facilities* | – | – | 70 | – | – | – | – | – |
| Sport and Recreation Facilities | – | – | – | – | – | 1 100 | – | – |
| *Outdoor Facilities* | – | – | – | – | – | 1 100 | – | – |
| **Other assets** | **–** | **–** | **14** | **5 000** | **3 500** | **5 300** | **7 500** | **–** |
| Operational Buildings | – | – | 14 | 5 000 | 3 500 | 5 300 | 7 500 | – |
| *Municipal Offices* | – | – | 14 | 5 000 | 3 500 | 5 300 | 7 500 | – |
| **Total Capital Expenditure on renewal of existing assets** | **–** | **–** | **12 097** | **11 350** | **5 980** | **8 500** | **10 800** | **1 100** |

## Table 53 MBRR SA34c - Repairs and maintenance expenditure by asset class

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Repairs and maintenance expenditure by Asset Class/Sub-class** | | | | | | | | |
| **Infrastructure** | **2 048** | **2 304** | **2 156** | **3 904** | **3 364** | **3 477** | **3 043** | **3 234** |
| Roads Infrastructure | 871 | 1 405 | 1 192 | 2 108 | 1 926 | 2 000 | 1 843 | 1 952 |
| *Roads* | 833 | 1 405 | 1 192 | 2 108 | 1 926 | 2 000 | 1 843 | 1 952 |
| *Road Furniture* | 38 | – | – | – | – | – | – | – |
| Storm water Infrastructure | – | 24 | 5 | 21 | 21 | 292 | 24 | 25 |
| *Storm water Conveyance* | – | 24 | 5 | 21 | 21 | 292 | 24 | 25 |
| Electrical Infrastructure | 1 177 | 831 | 782 | 1 612 | 1 193 | 946 | 924 | 990 |
| *MV Networks* | 1 176 | 253 | 181 | 585 | 373 | 354 | 380 | 402 |
| *LV Networks* | 2 | 578 | 600 | 1 027 | 819 | 592 | 544 | 587 |
| Solid Waste Infrastructure | – | 44 | 177 | 162 | 225 | 238 | 253 | 268 |
| *Landfill Sites* | – | 44 | 177 | 56 | 96 | 102 | 108 | 115 |
| *Waste Transfer Stations* | – | – | – | 106 | 128 | 136 | 144 | 153 |
| **Community Assets** | **480** | **592** | **686** | **1 313** | **1 788** | **2 055** | **1 895** | **2 009** |
| Community Facilities | 444 | 535 | 657 | 1 279 | 1 673 | 1 933 | 1 766 | 1 872 |
| *Halls* | 311 | 416 | 424 | 442 | 628 | 826 | 592 | 628 |
| *Libraries* | – | 2 | – | 3 | 3 | 3 | 4 | 4 |
| *Cemeteries/Crematoria* | – | 113 | 233 | 822 | 1 029 | 1 091 | 1 156 | 1 226 |
| *Public Open Space* | 133 | 4 | – | 11 | 12 | 13 | 13 | 14 |
| Sport and Recreation Facilities | 36 | 58 | 29 | 35 | 115 | 122 | 129 | 137 |
| *Outdoor Facilities* | 36 | 58 | 29 | 35 | 115 | 122 | 129 | 137 |
| **Other assets** | **487** | **685** | **762** | **601** | **581** | **934** | **652** | **692** |
| Operational Buildings | 487 | 685 | 762 | 601 | 581 | 934 | 652 | 692 |
| *Municipal Offices* | 487 | 432 | 436 | 453 | 433 | 777 | 486 | 515 |
| *Stores* | – | 253 | 327 | 148 | 148 | 157 | 166 | 176 |
| **Furniture and Office Equipment** | 6 | 482 | 386 | 463 | 392 | 415 | 440 | 467 |
| Furniture and Office Equipment | 6 | 482 | 386 | 463 | 392 | 415 | 440 | 467 |
| **Machinery and Equipment** | 189 | 996 | 168 | 1 252 | 1 203 | 1 275 | 1 351 | 1 432 |
| Machinery and Equipment | 189 | 996 | 168 | 1 252 | 1 203 | 1 275 | 1 351 | 1 432 |
| **Transport Assets** | 1 404 | 1 720 | 2 617 | 2 201 | 2 012 | 2 132 | 2 260 | 2 396 |
| Transport Assets | 1 404 | 1 720 | 2 617 | 2 201 | 2 012 | 2 132 | 2 260 | 2 396 |
| **Total Repairs and Maintenance Expenditure** | **4 613** | **6 780** | **6 774** | **9 735** | **9 339** | **10 288** | **9 642** | **10 229** |

## Table 54 MBRR SA34d - Depreciation by asset class

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| **Depreciation by Asset Class/Sub-class** | | | | | | | | |
| **Infrastructure** | **6 775** | **10 633** | **11 269** | **12 073** | **12 073** | **12 797** | **13 565** | **14 379** |
| Roads Infrastructure | 5 005 | 8 828 | 9 590 | 9 921 | 9 921 | 10 516 | 11 147 | 11 816 |
| *Roads* | 5 005 | 8 652 | 9 590 | 9 921 | 9 921 | 10 306 | 10 924 | 11 580 |
| *Road Structures* | – | 29 | – | – | – | 210 | 223 | 236 |
| *Road Furniture* | – | 148 | – | – | – | – | – | – |
| Storm water Infrastructure | 1 097 | 1 240 | 1 034 | 1 390 | 1 390 | 1 474 | 1 562 | 1 656 |
| *Storm water Conveyance* | 1 097 | 1 240 | 1 034 | 1 390 | 1 390 | 1 474 | 1 562 | 1 656 |
| Electrical Infrastructure | 327 | 342 | 436 | 478 | 478 | 506 | 537 | 569 |
| *MV Networks* | 228 | 238 | 341 | 350 | 350 | 248 | 263 | 279 |
| *LV Networks* | 99 | 103 | 95 | 128 | 128 | 258 | 274 | 290 |
| Solid Waste Infrastructure | 347 | 223 | 208 | 283 | 283 | 300 | 318 | 338 |
| *Landfill Sites* | 347 | 223 | 208 | 283 | 283 | 300 | 318 | 338 |
| **Community Assets** | **960** | **1 328** | **1 935** | **1 675** | **1 675** | **1 776** | **1 882** | **1 995** |
| Community Facilities | 736 | 802 | 1 386 | 1 161 | 1 161 | 1 231 | 1 305 | 1 383 |
| *Halls* | – | – | 98 | 517 | 517 | 548 | 581 | 615 |
| *Cemeteries/Crematoria* | 47 | 112 | 448 | 183 | 183 | 194 | 205 | 218 |
| *Public Open Space* | 42 | 44 | 44 | 48 | 48 | 51 | 54 | 58 |
| *Public Ablution Facilities* | 261 | 261 | 261 | – | – | – | – | – |
| *Stalls* | – | – | 149 | – | – | – | – | – |
| *Taxi Ranks/Bus Terminals* | 386 | 386 | 386 | 413 | 413 | 438 | 464 | 492 |
| Sport and Recreation Facilities | 224 | 526 | 549 | 514 | 514 | 545 | 578 | 612 |
| *Outdoor Facilities* | 224 | 526 | 549 | 514 | 514 | 545 | 578 | 612 |
| **Other assets** | **613** | **628** | **691** | **747** | **747** | **792** | **839** | **890** |
| Operational Buildings | 613 | 628 | 691 | 747 | 747 | 792 | 839 | 890 |
| *Municipal Offices* | 613 | 628 | 691 | 747 | 747 | 681 | 722 | 766 |
| *Yards* | – | – | – | – | – | 79 | 84 | 89 |
| *Stores* | – | – | – | – | – | 31 | 33 | 35 |
| **Intangible Assets** | 68 | 68 | 70 | 65 | 97 | 103 | 109 | 116 |
| Licences and Rights | 68 | 68 | 70 | 65 | 97 | 103 | 109 | 116 |
| *Computer Software and Applications* | 68 | 68 | 70 | 65 | 97 | 103 | 109 | 116 |
| **Computer Equipment** | 482 | 621 | 661 | 732 | 712 | 755 | 800 | 848 |
| Computer Equipment | 482 | 621 | 661 | 732 | 712 | 755 | 800 | 848 |
| **Furniture and Office Equipment** | 639 | 768 | 802 | 902 | 902 | 957 | 1 014 | 1 075 |
| Furniture and Office Equipment | 639 | 768 | 802 | 902 | 902 | 957 | 1 014 | 1 075 |
| **Machinery and Equipment** | 2 020 | 2 262 | 2 290 | 2 467 | 2 467 | 2 615 | 2 772 | 2 939 |
| Machinery and Equipment | 2 020 | 2 262 | 2 290 | 2 467 | 2 467 | 2 615 | 2 772 | 2 939 |
| **Transport Assets** | 1 623 | 2 044 | 1 739 | 2 354 | 2 354 | 2 495 | 2 645 | 2 804 |
| Transport Assets | 1 623 | 2 044 | 1 739 | 2 354 | 2 354 | 2 495 | 2 645 | 2 804 |
| **Total Depreciation** | **13 180** | **18 352** | **19 458** | **21 016** | **21 028** | **22 290** | **23 627** | **25 045** |

### Table 55 MBRR SA34e - Capital expenditure on the upgrade of existing assets by asset class

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year | Budget Year +1 | Budget Year +2 |
| **Capital expenditure on upgrading of existing assets by Asset Class/Sub-class** | | | | | | | | |
| **Infrastructure** | **–** | **–** | **–** | **12 700** | **7 804** | **10 301** | **8 650** | **11 900** |
| Roads Infrastructure | – | – | – | 3 600 | 550 | – | 400 | 11 900 |
| *Roads* | – | – | – | 3 600 | 550 | – | 400 | 11 900 |
| Solid Waste Infrastructure | – | – | – | 9 100 | 7 254 | 10 301 | 8 250 | – |
| *Landfill Sites* | – | – | – | 9 100 | 7 254 | 10 301 | 8 250 | – |
| **Community Assets** | **–** | **–** | **316** | **–** | **–** | **–** | **–** | **–** |
| Community Facilities | – | – | 316 | – | – | – | – | – |
| *Cemeteries/Crematoria* | – | – | 316 | – | – | – | – | – |
| **Other assets** | **–** | **–** | **–** | **500** | **250** | **–** | **–** | **–** |
| Operational Buildings | – | – | – | 500 | 250 | – | – | – |
| *Stores* | – | – | – | 500 | 250 | – | – | – |
| **Total Capital Expenditure on upgrading of existing assets** | **–** | **–** | **316** | **13 200** | **8 054** | **10 301** | **8 650** | **11 900** |

### Table 56 MBRR SA35 - Future financial implications of the capital budget

No future implications identified on the capital budget beyond the MTREF period.

### Table 57 MBRR SA36 - Detailed capital budget per municipal vote

Full detail with regards to the capital budget is available in Table SA 36 accompanying this report.

### Table 58 MBRR SA37 - Projects delayed from previous financial year/s

No projects delayed from previous financial years were identified on the capital budget over the MTREF period.

### Table 59 MBRR SA38 - Consolidated detailed operational projects

Full detail with regards to the Consolidated detailed operational is available in Table SA 38 accompanying this report.

## 1.19 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme
   The Municipality is participating in the Municipal Financial Management Internship programme and has employed seven interns undergoing training in various divisions of the Financial Services Department, risk management and Internal audit unit. Previous Interns employed permanently by Senqu Municipality are Miss Zanele Gqokonqana (Cashier), Miss Nolitha Makaba (Senior Officer: Budgeting), Miss Bongiwe Masawe (Stores Officer), Mr Tshepo Belebesi ( Asset & Disposal Officer), Mr. M. Mvumvu (Demand Officer), Miss.W. Sontshi (Budget and Treasury Clerk), Miss Zimkitha Milli (SCM: Contract Vendor and Performance Officer), Mr Elgardo Fortuin (Risk Officer). Since the introduction of the Internship programme the Municipality has successfully employed and trained more than 40 financial management interns through this programme and a majority of them were appointed either in this Municipality or other Municipalities or other Institutions such as KPMG, Ernest &Young, SARS, Auditor General, National Treasury.

3. Budget and Treasury Office
   The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee
   An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan
   The detail SDBIP document is at a draft stage and will be finalised after approval of the 2018/19 MTREF in May 2018 directly aligned and informed by the 2018/19 MTREF.

6. Annual Report
   Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training
   The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

8. Policies
   An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

## 1.20 Other supporting documents

All other supporting schedules are included in the A-Schedules accompanying this report.

## 1.21 Service Delivery Standards

Below is the Schedule of Service Delivery Standards for Senqu Municipality.

## Table 60 Schedule of Service Delivery Standards

| Description | Ref | Year C-2 | Year C-1 | Year C-0 | Current year | | | |
|---|---|---|---|---|---|---|---|---|
| Standard | | Actual Outcome | Actual Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Service Level |
| **Solid Waste Removal** | | | | | | | | |
| Premise based removal (Residential Frequency) | | | | | | | | |
| Premise based removal (Business Frequency) | | | | | | | | |
| Bulk Removal (Frequency) | | | | | | | | |
| Removal Bags provided(Yes/No) | | | | | | | | |
| Garden refuse removal Included (Yes/No) | | | | | | | | |
| Street Cleaning Frequency in CBD | | | | | | | | |
| Street Cleaning Frequency in areas excluding CBD | | | | | | | | |
| How soon are public areas cleaned after events (24hours/48hours/longer) | | | | | | | | |
| Clearing of illegal dumping (24hours/48hours/longer) | | | | | | | | |
| Recycling or environmentally friendly practices(Yes/No) | | | | | | | | |
| Licenced landfill site(Yes/No) | | | | | | | | |
| | | | | | | | | |
| **Electricity Service** | | | | | | | | |
| What is your electricity availability percentage on average per month? | | | | | | | | |
| Do your municipality have a ripple control in place that is operational? (Yes/No) | | | | | | | | |
| How much do you estimate is the cost saving in utilizing the ripple control system? | | | | | | | | |
| What is the frequency of meters being read? (per month, per year) | | | | | | | | |
| Are estimated consumption calculated at consumption over (two month's/three month's/longer period) | | | | | | | | |
| On average for how long does the municipality use estimates before reverting back to actual readings? (months) | | | | | | | | |
| Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer) | | | | | | | | |
| Are accounts normally calculated on actual readings? (Yes/no) | | | | | | | | |
| Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No) | | | | | | | | |
| How long does it take to replace faulty meters? (days) | | | | | | | | |
| Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No) | | | | | | | | |
| How effective is the action plan in curbing line losses? (Good/Bad) | | | | | | | | |
| How soon does the municipality provide a quotation to a customer upon a written request? (days) | | | | | | | | |
| How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days) | | | | | | | | |
| How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days) | | | | | | | | |
| How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days) | | | | | | | | |
| | | | | | | | | |
| **Road Infrastructure Services** | | | | | | | | |
| Time taken to repair a single pothole on a major road? (Hours) | | | | | | | | |
| Time taken to repair a single pothole on a minor road? (Hours) | | | | | | | | |
| Time taken to repair a road following an open trench service crossing? (Hours) | | | | | | | | |
| Time taken to repair walkways? (Hours) | | | | | | | | |
| | | | | | | | | |
| **Property valuations** | | | | | | | | |
| How long does it take on average from completion to the first account being issued? (one month/three months or longer) | | | | | | | | |
| Do you have any special rating properties? (Yes/No) | | | | | | | | |

| Description | Ref | Year C-2 | Year C-1 | Year C-0 | Current year | | | |
|---|---|---|---|---|---|---|---|---|
| Standard | | Actual Outcome | Actual Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Service Level |
| **Financial Management** | | | | | | | | |
| Is there any change in the situation of unauthorised and w asteful expenditure over time? (Decrease/Increase) | | | | | | | | |
| Are the financial statement outsources? (Yes/No) | | | | | | | | |
| Are there Council adopted business process tsructuing the flow and managemet of documentation feeding to Trial Balalnce? | | | | | | | | |
| How long does it take for an Tax/Invoice to be paid from the date it has been received? | | | | | | | | |
| Is there advance planning from SCM unit linking all departmental plans quaterly and annualy including for the next tw o to three years procurement plans? | | | | | | | | |
| | | | | | | | | |
| **Administration** | | | | | | | | |
| Reaction time on enquiries and requests? | | | | | | | | |
| Time to respond to a verbal customer enquiry or request? (w orking days) | | | | | | | | |
| Time to respond to a w ritten customer enquiry or request? (w orking days) | | | | | | | | |
| Time to resolve a customer enquiry or request? (w orking days) | | | | | | | | |
| What percentage of calls are not answ ered? (5%,10% or more) | | | | | | | | |
| How long does it take to respond to voice mails? (hours) | | | | | | | | |
| Does the municipality have control over locked enquiries? (Yes/No) | | | | | | | | |
| Is there a reduction in the number of complaints or not? (Yes/No) | | | | | | | | |
| How long does in take to open an account to a new customer? (1 day/ 2 days/ a w eek or longer) | | | | | | | | |
| How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings? | | | | | | | | |
| | | | | | | | | |
| **Community safety and licensing services** | | | | | | | | |
| How long does it take to register a vehicle? (minutes) | | | | | | | | |
| How long does it take to renew a vehicle license? (minutes) | | | | | | | | |
| How long does it take to issue a duplicate registration certificate vehicle? (minutes) | | | | | | | | |
| How long does it take to de-register a vehicle? (minutes) | | | | | | | | |
| How long does it take to renew a drivers license? (minutes) | | | | | | | | |
| What is the average reaction time of the fire service to an incident? (minutes) | | | | | | | | |
| What is the average reaction time of the ambulance service to an incident in the urban area? (minutes) | | | | | | | | |
| What is the average reaction time of the ambulance service to an incident in the rural area? (minutes) | | | | | | | | |
| | | | | | | | | |
| **Economic development** | | | | | | | | |
| How many economic development projects does the municipality drive? | | | | | | | | |
| How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic grow th projects? | | | | | | | | |
| What percentage of the projects have created sustainable job security? | | | | | | | | |
| Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No) | | | | | | | | |
| | | | | | | | | |
| **Other Service delivery and communication** | | | | | | | | |
| Is a information package handed to the new customer? (Yes/No) | | | | | | | | |
| Does the municipality have training or information sessions to inform the community? (Yes/No) | | | | | | | | |
| Are customers treated in a professional and humanly manner? (Yes/No) | | | | | | | | |

## 1.22 Municipal Manager's quality certificate

I ……, Municipal Manager of Senqu Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Senqu Municipality

Signature _____

Date _____